

TEXARKANA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025

TEXARKANA INDEPENDENT SCHOOL DISTRICT

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Certificate of Board

Certificate of Board

Texarkana Independent School District	Bowie	019-907
Name of School District	County	County-District-Region No.

We, the undersigned, certify that the attached annual financial report of the above named school district was reviewed and /X/ approved - // disapproved for the year ended June 30, 2025, at a meeting of the (Check One) board of school trustees of such school district on the 15th day of December, 2025.

Bryan DePriest
Signature of Board Secretary

Wanda Bayette
Signature of Board President

If the board of trustees disapproves of the auditors' report, the reason(s) for disapproving it is/are: (attach list if necessary)

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

Report on the Audit of the Financial Statements**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Texarkana Independent School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter – Prior Period Restatement

As discussed in Note EE to the financial statements, the District adopted new accounting requirements, Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025. The adoption of the new accounting standards resulted in a restatement of previously reported net position. Additionally, the District has restated its previously reported net position for the impact of recording a bond arbitrage rebate liability. Our opinion is not modified with respect to these items.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v through xiv, budgetary comparison schedule – general fund on page 52, budgetary comparison schedule – child nutrition on page 53, Schedule of the District's Proportionate Share of the Net Pension Liability (TRS) on pages 54-55, Schedule of the District's Contributions for Pensions (TRS) on pages 56-57, Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS) on pages 58-59, and Schedule of the District's Contributions for Other Postemployment Benefits (OPEB) (TRS) on pages 60-61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying nonmajor governmental, nonmajor enterprise, custodial funds, private purpose trust funds, and TEA required schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
December 15, 2025

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Texarkana Independent School District (the District), discuss and analyze the District's financial performance for the year ended June 30, 2025. Please read it in conjunction with the independent auditors' report on pages ii and iv, and the District's Basic Financial Statements, which begin on page 1.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 1-3). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Governmental fund financial statements (starting on page 4) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to other districts and how the sales revenues covered the expenses of the goods or services. The remaining statements (the fiduciary funds statement) provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-51 of this report.

The combining statements for nonmajor funds contain more information about the District's individual funds. These are not required by the Texas Education Agency (TEA). The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 1. Its primary purpose is to show whether the overall financial condition of the District has improved as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements reflect use of the accrual basis of accounting that is also used by private sector companies.

All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered, regardless of whether they must be paid in the current or future years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

These two statements report the District's net position and changes in it. The District's net position (the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- ◆ Governmental activities – Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- ◆ Business-type activities – The District provides food catering for the District and various community events. The District also provides a district-wide print shop. The activity surplus helps fund the District's instructional and maintenance costs.

Reporting the District's Most Significant Funds

Fund Financial Statements

The governmental fund financial statements begin on page 4 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under Every Student Succeeds Act (ESSA) from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage funds for particular purposes (like campus activities). The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

- ◆ Governmental funds – Most of the District's basic services are reported in governmental funds. These funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements.
- ◆ Proprietary funds – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position on pages 13-14. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for the governmental and business-type activities by \$23,483,599 and \$497,889, respectively, as of June 30, 2025.

A large portion of the District's total net position (\$4,490,112 or 19%), reflects its investment in capital assets (e.g., land, buildings, furniture and equipment, right-to-use lease and SBITA assets, and construction in progress), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to taxpayers; consequently, these assets are not available for future spending. Although the Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Our analysis on the following pages focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table I
Texarkana Independent School District

NET POSITION

	Governmental Activities		Business-type Activities		Totals		% Change
	2024	2025	2024	2025	2024	2025	
Current and other assets	\$ 166,583,376	\$ 102,470,094	\$ 946,770	\$ 501,304	\$ 167,530,146	\$ 102,971,398	-38.54%
Capital assets	136,405,523	240,237,749	37,246	3,003	136,442,769	240,240,752	76.07%
Total assets	<u>302,988,899</u>	<u>342,707,843</u>	<u>984,016</u>	<u>504,307</u>	<u>303,972,915</u>	<u>343,212,150</u>	<u>12.91%</u>
Deferred Outflows of Resources	25,804,176	20,930,808	-	-	25,804,176	20,930,808	-18.89%
Long-term liabilities	256,072,308	291,299,309	3,002	3,003	256,075,310	291,302,312	13.76%
Other liabilities	25,439,445	26,567,894	35,166	3,415	25,474,611	26,571,309	4.31%
Total liabilities	<u>281,511,753</u>	<u>317,867,203</u>	<u>38,168</u>	<u>6,418</u>	<u>281,549,921</u>	<u>317,873,621</u>	<u>12.90%</u>
Deferred Inflows of Resources	25,693,761	22,287,849	-	-	25,693,761	22,287,849	-13.26%
Net Position:							
Invested in capital assets net of related debt	(59,968,756)	4,490,112	-	-	(59,968,756)	4,490,112	-107.49%
Restricted	127,971,535	64,996,682	-	-	127,971,535	64,996,682	-49.21%
Unrestricted	<u>(46,415,218)</u>	<u>(46,003,195)</u>	<u>945,848</u>	<u>497,889</u>	<u>(45,469,370)</u>	<u>(45,505,306)</u>	<u>0.08%</u>
Total net position	<u>\$ 21,587,561</u>	<u>\$ 23,483,599</u>	<u>\$ 945,848</u>	<u>\$ 497,889</u>	<u>\$ 22,533,409</u>	<u>\$ 23,981,488</u>	<u>6.43%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table II
Texarkana Independent School District**

Changes In Net Position

	Governmental Activities		Business-Type Activities		Totals		% Change
	2024	2025	2024	2025	2024	2025	
Revenues :							
Program Revenues:							
Charges for Services	\$ 2,085,869	2,530,464	\$ 312,391	\$ 373,559	\$ 2,398,260	\$ 2,904,023	21.09%
Operating grants and contributions	30,716,163	20,277,862	-	-	30,716,163	20,277,862	-33.98%
General Revenues:							
Maintenance and operations taxes	20,445,970	21,854,557	-	-	20,445,970	21,854,557	6.89%
Debt service taxes	12,280,853	12,996,439	-	-	12,280,853	12,996,439	5.83%
State aid – formula grants	48,092,643	49,674,706	-	-	48,092,643	49,674,706	3.29%
Grants not Restricted	7,850,387	4,221,482	-	-	7,850,387	4,221,482	
Investment Earnings	8,488,208	5,748,685	-	-	8,488,208	5,748,685	-32.27%
Miscellaneous	940,196	2,140,098	-	-	940,196	2,140,098	127.62%
Transfers In (Out)	-	301,596	-	(301,596)	-	-	0.00%
Total Revenue	130,900,289	119,745,889	312,391	71,963	131,212,680	119,817,852	-8.68%
Expenses:							
Instruction, curriculum and media services	66,255,985	60,225,315	-	-	66,255,985	60,225,315	-9.10%
Instructional and school leadership	7,260,793	10,176,400	-	-	7,260,793	10,176,400	40.16%
Student support services	4,889,193	4,645,493	-	-	4,889,193	4,645,493	-4.98%
Child nutrition	9,332,336	9,277,831	-	-	9,332,336	9,277,831	-0.58%
Co-curricular activities	3,512,952	3,676,425	-	-	3,512,952	3,676,425	4.65%
General administration	4,580,890	4,408,660	-	-	4,580,890	4,408,660	-3.76%
Plant maintenance, security & data processing	13,069,553	13,014,049	-	-	13,069,553	13,014,049	-0.42%
Community services	1,185,031	1,122,882	-	-	1,185,031	1,122,882	-5.24%
Debt services	8,010,086	9,863,778	-	-	8,010,086	9,863,778	23.14%
Payments to Fiscal Agent and Intergovernmental Charges	1,311,919	1,439,018	-	-	1,311,919	1,439,018	9.69%
Other business-type activities	-	-	471,918	519,922	471,918	519,922	10.17%
Total Expenses	119,408,738	117,849,851	471,918	519,922	119,880,656	118,369,773	-1.26%
Increase (decrease) in net position	11,491,551	1,896,038	(159,527)	(447,959)	11,332,024	1,448,079	-87.22%
Net position at beginning of year	17,845,495	21,587,561	1,105,375	945,848	18,950,870	22,533,409	18.90%
Prior period adjustment	(7,749,485)	-	-	-	(7,749,485)	-	-100.00%
Net position at end of year	\$ 21,587,561	\$ 23,483,599	\$ 945,848	\$ 497,889	\$ 30,282,894	\$ 23,981,488	-20.81%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The balance of unrestricted net position of \$(45,505,306) may be used to meet the District's ongoing obligations taxpayers and creditors.

The District's total net position increased by \$1,448,079 during the current fiscal year.

Governmental Activities

Governmental activities increased the District's net position by \$1,896,038 during fiscal year ended June 30, 2025.

Overall revenues decreased by \$11,154,400, and expenditures decreased by \$1,558,887 from the prior year. The largest variance was a decrease in operating grants and contributions of \$10,438,301.

Business-Type Activities

Business-Type activities decreased the District's net position by \$447,959 for the year ended June 30, 2025. The largest variance was an increase in transfers out totaling \$301,596.

Financial Analysis of the Governmental Fund

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of nonspendable (such as inventory) and spendable resources. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$78,858,000, which is a decrease in total fund balances of \$64,630,611. The components of this decrease are as follows:

- General fund total fund balance decreased \$2,086,242.
- Child nutrition special revenue fund decreased by \$3,085,776.
- Debt service fund decreased by \$335,345.
- Capital projects fund decreased by \$58,817,052.
- Other remaining nonmajor governmental funds decreased by \$306,196.

Some of the major highlights of the 2024-2025 school year included the following:

- The District's General Fund Balance decreased during the 2024-2025 fiscal year by \$2,086,242. This reduction is primarily attributable to decreases in several key revenue sources. Student enrollment was lower than the budgeted 6,056, resulting in a revenue loss of approximately \$300,092. In addition, the District experienced a decrease in School Health and Related Services (SHARS) Medicaid revenue totaling \$369,882.
- During the 2024-2025 school year, the District continued an agreement with K12 Virtual Schools, LLC. This agreement allows the District to offer a virtual environment for learning to students across the state of Texas. Enrollment for the District for the 2024-2025 school year was 498 students. State Funding for the majority of these students has been remitted to K12 Virtual Schools, LLC to operate the campus. The District retains a 5% administrative fee.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes. The District received an “B-Above Standard Achievement” rating and status for the fiscal year ending 2023-2024. The main area of decrease in this rating is due to the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures.
- The District was awarded the 21st Century Community Learning Centers (CCLC) Grant on July 1, 2025, totaling \$1,699,395. The purpose of the 21st CCLC program is to provide extended learning opportunities outside of the regular school day to students in need of academic assistance. The program is aimed at students who attend high-need, high-poverty and low-performing schools. The overall program is inclusive of specific core elements based on recommended principles and effective strategies to ensure successful programs that will assist students in meeting academic standards in core subjects (math, reading, science, social studies) so they can graduate from high school prepared for college and/or the workforce. The District utilized all funds for the continuation of the ACE program, which was implemented in the 2021-2022 school year. The ACE program provides no-cost activities after school and during the summer for K-12 students in our Title I campuses.
- During the 2024-2025 school year, the District expended the remaining \$577,655 in Safety and Security federal funding to be utilized in ensuring the District meets the minimal safety requirements set forth by the State after the Uvalde Independent School District shooting in the 2021-2022 school year. These funds were used in conjunction with Bond 2022 funds to complete the installation of fencing across the district, place bullet resistant film on all exterior windows, improve security measures on exterior doors and employ school marshals and additional police officers.
- In the 2022-2023 school year, Texarkana ISD was selected by the Texas Education Agency (TEA) to participate in the System of Great Schools Network (SGS) to ensure that more students have access to better schools every year by increasing the number of high-quality options. This has allowed the District to improve multiple processes and initiatives across all campuses and departments to allow room for more efficiency and more powerful outcomes for students. With this partnership the District has worked with the two organizations to apply and be granted multiple empowering grants as follow:
 - 2023-2024 School Action Fund-Planning and Implementation TMS - \$200,000
 - 2024-2025 School Action Fund Continuation TMS - \$500,000
 - 2024-2025 School Action Fund-Planning and Implementation Parks Elem - \$185,000
 - 2024-2025 Stronger Connections Grant - \$840,000
 - 2023-2024 Strong Foundations Planning - \$200,000
 - 2024-2025 Stronger OST - \$56,600
- A Chapter 313 agreement was entered into by the District and TCI Texarkana, Inc. (Comptroller Application #1646 for the 2024 Tax Year). The Property Value Limitation Agreement approved by the District’s Board of Trustees on November 16, 2023, for the TCI Texarkana, LLC project. The 2024-2025 school year is the first of 10 years that the \$30 million value limitation will be in effect under the Agreement. The total amount owed to the District for 2024-2025 is \$649,024: \$128,651 for revenue protection, and a \$520,373 supplemental payment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

THE DISTRICT'S FUNDS

Over the course of the year, the Board of Trustees revised the District's budget as operating changes became apparent. These budget amendments were in the ordinary course of operations and should be considered as such. The changes of any significance fall into these categories:

- Additional funds that became available through federal, state, and grant resources
- Adjustments for changes in state and local revenues
- Year-end accruals
- Changes requested by district principals within their campus operations, normally movement between functional levels

The District's General Fund balance of \$13.3 million reported on page 4 differs from the General Fund's budgeted fund balance of \$13.8 million reported in the budgetary comparison schedule on page 52.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024-2025, the District's governmental activities had \$240.2 million invested in a broad range of capital assets, net of accumulated depreciation and amortization, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Additional information on the District's capital assets can be found in Note I to the financial statements. A summary of the governmental and business-type activities capital assets can be found in Table III on the following page.

Debt

At the end of fiscal year 2024-2025 school year, the District had \$241.9 million in bonds and notes outstanding in addition to amounts related to a bond arbitrage rebate liability, SBITAs, and compensated absences. These liabilities totaled \$204.5 million as of the end of fiscal year 2023-2024. The District's general obligation bond rating has been the highest possible, due to Permanent School Fund Guarantees by the State of Texas.

More detailed information about the District's long-term liabilities is presented in Notes N, O, P and Q to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table III
Texarkana Independent School District
DISTRICT'S CAPITAL ASSETS**

	Governmental Activities		Business-Type Activities		Totals		Total % Change
	2024	2025	2024	2025	2024	2025	2024-2025
Land	\$ 6,577,761	\$ 6,636,129	\$ -	\$ -	\$ 6,577,761	\$ 6,636,129	0.89%
Buildings and improvements	181,138,216	208,479,636	9,200	9,200	181,147,416	208,488,836	15.09%
Furniture and equipment	18,031,089	21,841,687	217,919	217,919	18,249,008	22,059,606	20.88%
Construction in progress	37,628,358	117,852,338			37,628,358	117,852,338	213.20%
Intangible SBITA Asset	1,231,542	1,221,829			1,231,542	1,221,829	-0.79%
Intangible Right-to-Use Lease Asset	-	-	103,142	103,142	103,142	103,142	0.00%
Totals at historical cost	244,606,966	356,031,619	330,261	330,261	244,937,227	356,361,880	45.49%
Less accumulated depreciation for:							
Buildings and improvements	(94,947,517)	(101,167,288)	(9,200)	(9,200)	(94,956,717)	(101,176,488)	6.55%
Furniture and equipment	(12,691,275)	(13,859,452)	(217,919)	(217,919)	(12,909,194)	(14,077,371)	9.05%
Intangible SBITA Asset	(562,651)	(767,130)			(562,651)	(767,130)	36.34%
Intangible Right-to-Use Lease Asset	-	-	(65,896)	(100,139)	(65,896)	(100,139)	51.97%
Total accumulated depreciation	(108,201,443)	(115,793,870)	(293,015)	(327,258)	(108,494,458)	(116,121,128)	7.03%
Net capital assets	\$ 136,405,523	\$ 240,237,749	\$ 37,246	\$ 3,003	\$ 136,442,769	\$ 240,240,752	76.07%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal-year 2024-2025 budget and tax rate. In the wake of COVID-19, the District experienced a decline in attendance, uncertainty about long-term enrollment trends, and inflationary pressures. In order to prepare for a variety of contingencies, some vacant positions were not filled.

The 2025 property tax rate remained consistent by the adoption of a tax rate of \$1.2090. This rate includes \$0.7552 for the purpose of maintenance and operation, and \$0.4538 for the purpose of payment of principal and interest on debts.

The 89th Texas legislative session, which concluded in June 2025, made history for the focus on major education reforms, including an \$8.5 billion in school finance package and the creation of a new school voucher program. The legislative session included significant funding for teacher pay raises. However, lack of action by the legislature to increase state funding for operations continues to affect district finances. These factors were considered when adopting the General Fund budget for the 2025-2026 school year. Amounts available for appropriation in the General Fund budget are \$82 million.

If these estimates are realized, the District's budgetary General Fund-Fund Balance is expected to decrease, due to no additional state funding along with increases in expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Texarkana Independent School District, 4241 Summerhill Rd., Texarkana, Texas.

Basic Financial Statements

Government-wide Financial Statements

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT A-1

Data Control Codes				
	1	2	3	4
	Primary Government			Component Unit
	Governmental	Business		Nonmajor
	Activities	Type	Total	Component
		Activities		Unit
ASSETS				
1110 Cash and Cash Equivalents	\$ 31,855,780	\$ 473,802	\$ 32,329,582	\$ 320,705
1120 Current Investments	56,839,147	-	56,839,147	274,605
1210 Property Taxes - Current	2,138,549	-	2,138,549	-
1230 Allowance for Uncollectible Taxes	(521,713)	-	(521,713)	-
1240 Due from Other Governments	11,091,977	-	11,091,977	-
1267 Due from Fiduciary Funds	50,203	-	50,203	-
1290 Other Receivables, Net	168,456	-	168,456	-
1300 Inventories	761,591	27,502	789,093	-
1410 Prepayments	1,142	-	1,142	-
1490 Other Current Assets	84,962	-	84,962	-
Capital Assets:				
1510 Land	6,636,129	-	6,636,129	-
1520 Buildings, Net	107,312,348	-	107,312,348	-
1530 Furniture and Equipment, Net	7,982,235	-	7,982,235	-
1550 Right-to-Use Leased Assets, Net	-	3,003	3,003	-
1553 SBITA Assets, Net	454,699	-	454,699	-
1580 Construction in Progress	117,852,338	-	117,852,338	-
1800 Restricted Assets	-	-	-	193,722
1910 Long Term Investments	-	-	-	94,607
1000 Total Assets	342,707,843	504,307	343,212,150	883,639
DEFERRED OUTFLOWS OF RESOURCES				
1701 Deferred Charge for Refunding	876,350	-	876,350	-
1705 Deferred Outflow Related to TRS Pension	8,022,687	-	8,022,687	-
1706 Deferred Outflow Related to TRS OPEB	12,031,771	-	12,031,771	-
1700 Total Deferred Outflows of Resources	20,930,808	-	20,930,808	-
LIABILITIES				
2110 Accounts Payable	11,617,576	3,405	11,620,981	91,519
2140 Interest Payable	3,944,353	-	3,944,353	-
2150 Payroll Deductions and Withholdings	379,601	-	379,601	-
2160 Accrued Wages Payable	6,721,769	-	6,721,769	-
2177 Due to Fiduciary Funds	166,904	-	166,904	-
2180 Due to Other Governments	2,557,594	10	2,557,604	-
2300 Unearned Revenue	1,180,097	-	1,180,097	-
Noncurrent Liabilities:				
2501 Due Within One Year: Loans, Note, Leases, etc.	7,894,857	-	7,894,857	-
Due in More than One Year:				
2502 Bonds, Notes, Loans, Leases, etc.	234,056,378	3,003	234,059,381	-
2540 Net Pension Liability (District's Share)	29,071,823	-	29,071,823	-
2545 Net OPEB Liability (District's Share)	20,276,251	-	20,276,251	-
2000 Total Liabilities	317,867,203	6,418	317,873,621	91,519
DEFERRED INFLOWS OF RESOURCES				
2605 Deferred Inflow Related to TRS Pension	2,802,924	-	2,802,924	-
2606 Deferred Inflow Related to TRS OPEB	19,484,925	-	19,484,925	-
2600 Total Deferred Inflows of Resources	22,287,849	-	22,287,849	-
NET POSITION				
3200 Net Investment in Capital Assets and Right-to-Use Restricted:	4,490,112	-	4,490,112	-
3820 Restricted for Federal and State Programs	1,256,066	-	1,256,066	-
3850 Restricted for Debt Service	8,674,582	-	8,674,582	-
3860 Restricted for Capital Projects	54,321,850	-	54,321,850	-
3870 Restricted for Campus Activities	744,184	-	744,184	-
3890 Restricted for Other Purposes	-	-	-	288,329
3900 Unrestricted	(46,003,195)	497,889	(45,505,306)	503,791
3000 Total Net Position	\$ 23,483,599	\$ 497,889	\$ 23,981,488	\$ 792,120

The notes to the financial statements are an integral part of this statement.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 60,225,315	\$ 140,248	\$ 8,414,359
12 Instructional Resources and Media Services	355,515	-	51,814
13 Curriculum and Instructional Staff Development	3,044,018	-	167,635
21 Instructional Leadership	802,005	-	716,266
23 School Leadership	5,974,862	-	269,139
31 Guidance, Counseling, and Evaluation Services	2,817,195	-	1,103,786
33 Health Services	960,181	7,358	12,935
34 Student (Pupil) Transportation	868,117	-	11,269
35 Food Services	9,277,831	510,528	8,002,509
36 Extracurricular Activities	3,676,425	743,970	29,868
41 General Administration	4,408,660	-	45,169
51 Facilities Maintenance and Operations	10,765,332	363,248	256,730
52 Security and Monitoring Services	2,121,819	-	609,153
53 Data Processing Services	126,898	-	-
61 Community Services	1,122,882	765,112	578,219
72 Debt Service - Interest on Long-Term Debt	9,515,350	-	9,011
73 Debt Service - Bond Issuance Cost and Fees	348,428	-	-
93 Payments Related to Shared Services Arrangements	897,178	-	-
99 Other Intergovernmental Charges	541,840	-	-
[TG] Total Governmental Activities:	117,849,851	2,530,464	20,277,862
BUSINESS-TYPE ACTIVITIES:			
01 Food Service Catering	365,484	241,450	-
02 Print Shop Activity	154,438	132,109	-
[TB] Total Business-Type Activities:	519,922	373,559	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 118,369,773	\$ 2,904,023	\$ 20,277,862
Component Unit:			
1C Nonmajor Component Unit	\$ 171,511	\$ -	\$ -
[TC] TOTAL COMPONENT UNITS:	\$ 171,511	\$ -	\$ -
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
FR	Transfers In (Out)		
TR	Total General Revenues & Transfers		
CN	Change in Net Position		
NB	Net Position - Beginning as Previously Reported		
PA	Prior Period Adjustment		
	Net Position - Beginning as Restated and Adjusted		
NE	Net Position - Ending		

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
6	7	8	9
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (51,670,708)	\$ -	\$ (51,670,708)	\$ -
(303,701)	-	(303,701)	-
(2,876,383)	-	(2,876,383)	-
(85,739)	-	(85,739)	-
(5,705,723)	-	(5,705,723)	-
(1,713,409)	-	(1,713,409)	-
(939,888)	-	(939,888)	-
(856,848)	-	(856,848)	-
(764,794)	-	(764,794)	-
(2,902,587)	-	(2,902,587)	-
(4,363,491)	-	(4,363,491)	-
(10,145,354)	-	(10,145,354)	-
(1,512,666)	-	(1,512,666)	-
(126,898)	-	(126,898)	-
220,449	-	220,449	-
(9,506,339)	-	(9,506,339)	-
(348,428)	-	(348,428)	-
(897,178)	-	(897,178)	-
(541,840)	-	(541,840)	-
(95,041,525)	-	(95,041,525)	-
-	(124,034)	(124,034)	-
-	(22,329)	(22,329)	-
-	(146,363)	(146,363)	-
(95,041,525)	(146,363)	(95,187,888)	-
-	-	-	(171,511)
-	-	-	(171,511)
21,854,557	-	21,854,557	-
12,996,439	-	12,996,439	-
49,674,706	-	49,674,706	-
4,221,482	-	4,221,482	144,869
5,748,685	-	5,748,685	44,871
2,140,098	-	2,140,098	-
301,596	(301,596)	-	-
96,937,563	(301,596)	96,635,967	189,740
1,896,038	(447,959)	1,448,079	18,229
29,337,046	945,848	30,282,894	773,891
(7,749,485)	-	(7,749,485)	-
21,587,561	945,848	22,533,409	773,891
\$ 23,483,599	\$ 497,889	\$ 23,981,488	\$ 792,120

Governmental Fund Financial Statements

TEXARKANA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes	10 General Fund	20 Child Nutrition	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 5,909,549	\$ 1,481,853	\$ 2,210,468
1120 Investments - Current	6,664,536	-	5,480,237
1210 Property Taxes - Current	1,486,097	-	652,452
1230 Allowance for Uncollectible Taxes	(405,501)	-	(116,212)
1240 Due from Other Governments	8,514,490	88,573	-
1260 Due from Other Funds	2,661,205	-	751,408
1290 Other Receivables	164,769	1,834	-
1300 Inventories	75,746	685,845	-
1410 Prepayments	1,142	-	-
1490 Other Current Assets	84,962	-	-
1000 Total Assets	<u>\$ 25,156,995</u>	<u>\$ 2,258,105</u>	<u>\$ 8,978,353</u>
LIABILITIES			
2110 Accounts Payable	\$ 615,184	\$ 35,032	\$ -
2150 Payroll Deductions and Withholdings Payable	306,113	21,907	-
2160 Accrued Wages Payable	5,421,731	259,255	-
2170 Due to Other Funds	2,396,117	-	-
2180 Due to Other Governments	2,557,594	-	-
2300 Unearned Revenue	684,783	-	303,771
2000 Total Liabilities	<u>11,981,522</u>	<u>316,194</u>	<u>303,771</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	75,746	685,845	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	1,256,066	-
3480 Retirement of Long-Term Debt	-	-	8,674,582
Committed Fund Balance:			
3510 Construction	-	-	-
3525 Retirement of Loans or Notes Payable	1,638,200	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	11,461,527	-	-
3000 Total Fund Balances	<u>13,175,473</u>	<u>1,941,911</u>	<u>8,674,582</u>
4000 Total Liabilities and Fund Balances	<u>\$ 25,156,995</u>	<u>\$ 2,258,105</u>	<u>\$ 8,978,353</u>

The notes to the financial statements are an integral part of this statement.

60 Capital Projects		Other Funds	Total Governmental Funds
\$	20,003,778	\$ 2,250,132	\$ 31,855,780
	44,694,374	-	56,839,147
	-	-	2,138,549
	-	-	(521,713)
	-	2,488,914	11,091,977
	-	-	3,412,613
	-	1,853	168,456
	-	-	761,591
	-	-	1,142
	-	-	84,962
\$	64,698,152	\$ 4,740,899	\$ 105,832,504
\$	9,410,009	\$ 1,557,351	\$ 11,617,576
	-	51,581	379,601
	-	1,040,783	6,721,769
	966,293	166,904	3,529,314
	-	-	2,557,594
	-	1,180,096	2,168,650
	10,376,302	3,996,715	26,974,504
	-	-	761,591
	-	-	1,256,066
	-	-	8,674,582
	54,321,850	-	54,321,850
	-	-	1,638,200
	-	744,184	744,184
	-	-	11,461,527
	54,321,850	744,184	78,858,000
\$	64,698,152	\$ 4,740,899	\$ 105,832,504

TEXARKANA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 78,858,000
1 Capital assets and Right-to-Use Lease Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$204,606,966 and the accumulated depreciation was (\$108,201,443). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(62,948,756)
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to decrease net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing Net Position.	75,808,270
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$15,582,757, a Deferred Resource Inflow in the amount of \$1,962,027 and a net pension liability in the amount of \$35,797,569. The impact of this on Net Position is (22,176,839). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$1,675,221). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$23,852,060).	(23,852,060)
4 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$20,276,251, a deferred outflow of \$12,031,771 and a deferred inflow of \$19,484,925. This resulted in a difference between the ending fund balance and the ending net position of (27,729,405).	(27,729,405)
5 The current year depreciation and amortization expense increases accumulated depreciation and accumulated amortization. The net effect of the current year's depreciation and amortization is to decrease net position.	(8,369,402)
6 A prior period adjustment was recorded during the current fiscal year for the recognition of long-term liabilities resulting from the implementation new accounting standards totaling \$5,329,253 as well as for the recognition of a bond arbitrage liability totaling \$3,942,348. This adjustment resulted in a decrease to beginning net position in the government-wide statement of net position. The adjustment does not affect current-year governmental fund balances but is reflected in the reconciliation as a reduction to beginning net position to properly present the government-wide financial statements in accordance with generally accepted accounting principles (GAAP).	(9,271,601)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase(decrease) net position.	988,553
29 Net Position of Governmental Activities	\$ 23,483,599

The notes to the financial statements are an integral part of this statement.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	10 General Fund	20 Child Nutrition	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 24,463,113	\$ 608,640	\$ 13,615,177
5800 State Program Revenues	54,352,311	105,754	1,203,180
5900 Federal Program Revenues	1,639,023	7,905,092	-
5020 Total Revenues	80,454,447	8,619,486	14,818,357
EXPENDITURES:			
Current:			
0011 Instruction	47,348,694	-	-
0012 Instructional Resources and Media Services	187,702	-	-
0013 Curriculum and Instructional Staff Development	2,961,454	-	-
0021 Instructional Leadership	124,415	-	-
0023 School Leadership	5,965,431	-	-
0031 Guidance, Counseling, and Evaluation Services	1,868,537	-	-
0032 Social Work Services	-	-	-
0033 Health Services	678,769	-	-
0034 Student (Pupil) Transportation	679,005	-	-
0035 Food Services	-	11,645,731	-
0036 Extracurricular Activities	3,192,248	-	-
0041 General Administration	4,113,376	-	-
0051 Facilities Maintenance and Operations	10,711,083	119,271	-
0052 Security and Monitoring Services	1,712,298	-	-
0053 Data Processing Services	27,214	-	-
0061 Community Services	35,273	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	1,530,915	95,553	6,220,000
0072 Interest on Long-Term Liabilities	267,353	4,287	8,986,525
0073 Bond Issuance Cost and Fees	1,500	-	346,928
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	897,178	-	-
0099 Other Intergovernmental Charges	541,840	-	-
6030 Total Expenditures	82,844,285	11,864,842	15,553,453
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,389,838)	(3,245,356)	(735,096)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	12,306,820
7912 Sale of Real and Personal Property	2,000	-	-
7913 Right-to-Use Lease and SBITA Proceeds	-	159,580	-
7915 Transfers In	301,596	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	1,744,275
8949 Other (Uses)	-	-	(13,651,344)
7080 Total Other Financing Sources (Uses)	303,596	159,580	399,751
1200 Net Change in Fund Balances	(2,086,242)	(3,085,776)	(335,345)
0100 Fund Balance - July 1 (Beginning)	15,261,715	5,027,687	9,009,927
3000 Fund Balance - June 30 (Ending)	\$ 13,175,473	\$ 1,941,911	\$ 8,674,582

The notes to the financial statements are an integral part of this statement.

	60 Capital Projects	Other Funds	Total Governmental Funds
\$	4,510,920	\$ 2,220,765	\$ 45,418,615
	-	2,358,399	58,019,644
	401,079	8,795,425	18,740,619
	4,911,999	13,374,589	122,178,878
	-	8,790,400	56,139,094
	-	49,061	236,763
	-	144,438	3,105,892
	-	713,719	838,134
	-	178,067	6,143,498
	-	1,069,061	2,937,598
	-	5,990	5,990
	-	8,569	687,338
	-	-	679,005
	-	-	11,645,731
	886,013	705,664	4,783,925
	73,203	-	4,186,579
	410,832	43,420	11,284,606
	66,789	577,882	2,356,969
	-	-	27,214
	-	1,332,907	1,368,180
	-	117,576	7,964,044
	-	4,724	9,262,889
	-	-	348,428
	107,292,214	-	107,292,214
	-	-	897,178
	-	-	541,840
	108,729,051	13,741,478	232,733,109
	(103,817,052)	(366,889)	(110,554,231)
	44,608,180	-	56,915,000
	-	-	2,000
	-	60,693	220,273
	-	-	301,596
	391,820	-	2,136,095
	-	-	(13,651,344)
	45,000,000	60,693	45,923,620
	(58,817,052)	(306,196)	(64,630,611)
	113,138,902	1,050,380	143,488,611
\$	54,321,850	\$ 744,184	\$ 78,858,000

TEXARKANA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (64,630,611)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in a decrease in the change in Net Position.	75,808,270
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(8,369,402)
Current year changes due to GASB 101 and the bond arbitrage liability increased expenditures by \$89,914 and \$1,432,202, respectively. The net effect on the change in the ending net position was a decrease in the amount of \$1,522,116.	(1,522,116)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(16,243)
Current year changes due to GASB 68 increased revenues in the amount of \$1,279,888, but also increased expenditures in the amount of \$2,955,109. The net effect on the change in the ending net position was a decrease in the amount of \$1,675,221.	(1,675,221)
Current year changes due to GASB 75 decreased revenues in the amount of \$3,962,491, but also decreased expenditures in the amount of \$6,263,852. The net effect on the change in the ending net position was an increase in the amount of \$2,301,361.	2,301,361
Change in Net Position of Governmental Activities	\$ 1,896,038

The notes to the financial statements are an integral part of this statement.

Proprietary Fund Financial Statements

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 473,802
Inventories	27,502
Total Current Assets	501,304
Noncurrent Assets:	
Capital Assets:	
Right-to-Use Lease Asset, Net	3,003
Total Noncurrent Assets	3,003
Total Assets	504,307
LIABILITIES	
Current Liabilities:	
Accounts Payable	3,405
Due to Other Governments	10
Total Current Liabilities	3,415
Noncurrent Liabilities:	
Right-to-Use Lease Liability - Long Term	3,003
Total Noncurrent Liabilities	3,003
Total Liabilities	6,418
NET POSITION	
Unrestricted Net Position	497,889
Total Net Position	\$ 497,889

The notes to the financial statements are an integral part of this statement.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 360,581
State Program Revenues	12,978
Total Operating Revenues	373,559
OPERATING EXPENSES:	
Payroll Costs	155,894
Professional and Contracted Services	65,510
Supplies and Materials	262,166
Other Operating Costs	222
Debt Service	36,130
Total Operating Expenses	519,922
Income (Loss) Before Transfers	(146,363)
Transfers Out	(301,596)
Change in Net Position	(447,959)
Total Net Position - July 1 (Beginning)	945,848
Total Net Position - June 30 (Ending)	\$ 497,889

The notes to the financial statements are an integral part of this statement.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT D-3

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 368,208
Cash Payments to Employees for Services	(145,675)
Cash Payments for Suppliers	(371,753)
Net Cash Used for Operating Activities	(149,220)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers Out	(301,596)
Net Decrease in Cash and Cash Equivalents	(450,816)
Cash and Cash Equivalents at Beginning of Year	924,618
Cash and Cash Equivalents at End of Year	\$ 473,802
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (146,363)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Inventories	(5,350)
Increase (decrease) in Accounts Payable	2,493
Net Cash Used for Operating Activities	\$ (149,220)

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Financial Statements

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Private Purpose Trust Funds	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 336,919	\$ 667,087
Due from Other Funds	166,904	-
Furniture and Equipment, Net	<u>78,642</u>	<u>6,022</u>
Total Assets	<u>582,465</u>	<u>\$ 673,109</u>
LIABILITIES		
Accounts Payable	-	11,618
Due to Other Funds	<u>50,203</u>	<u>-</u>
Total Liabilities	<u>50,203</u>	<u>11,618</u>
NET POSITION		
Restricted for Other Purposes	<u>532,262</u>	<u>661,491</u>
Total Net Position	<u><u>\$ 532,262</u></u>	<u><u>\$ 661,491</u></u>

The notes to the financial statements are an integral part of this statement.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Private Purpose Trust Funds	Total Custodial Funds
ADDITIONS:		
Enterprising Services Revenue	\$ 169,787	\$ 578,386
Earnings from Temporary Deposits	6,790	-
Contributions, Gifts and Donations	2,770	773
Total Additions	<u>179,347</u>	<u>579,159</u>
DEDUCTIONS:		
Payroll Costs	-	283,267
Professional and Contracted Services	-	13,416
Supplies and Materials	94,581	177,871
Other Deductions	19,635	116,745
Total Deductions	<u>114,216</u>	<u>591,299</u>
Change in Fiduciary Net Position	65,131	(12,140)
Total Net Position - July 1 (Beginning)	<u>467,131</u>	<u>673,631</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 532,262</u></u>	<u><u>\$ 661,491</u></u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies

Texarkana Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from whom it receives funds.

1. Reporting Entity

The Board of Trustees (the "Board") is elected by the public, has the authority to make decisions, appoint administrators and managers, can significantly influence operations and has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". There is one component unit included within the reporting entity.

Discretely Presented Component Unit

Texarkana ISD Education Foundation, Inc. (the Foundation), a not-for-profit organization operated by an independent board of directors, is organized to provide assistance, development and maintenance of charitable, educational, or scientific programs or activities for the District. The Foundation is included as a component unit in the District's government-wide financial statements. As a not-for-profit organization, the Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. The Foundation issues separate financial statements which are available for review at the District's business office.

2. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Every Student Succeeds Act (ESSA). If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities. All interfund balances and activity is a result of interfund clearing of transactions through a common bank account or reclassification of costs between funds.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net positions, and unrestricted net position.

4. Fund Accounting

The District reports the following major governmental funds:

- a. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- b. **Child Nutrition Special Revenue Fund** – The District accounts for resources restricted or designated for, a specific purpose by the District or grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the special revenue funds.
- c. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- d. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund types:

Governmental Funds:

- a. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the Special Revenue Funds. Unused balances are subject to being returned to the grantor at the close of the specified project period.
- b. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

- a. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's Enterprise Funds are the Food Service, Public Relations, School Improvement, Police Department, Texas A&M Food, Print Shop, and Texarkana College Food Service Funds. All operations of the enterprise funds are classified as operating activities. During the year ended June 30, 2025, the District opted to close the School Improvement, Police Department, Texas A&M Food Service, and the Texarkana College Food Service funds due to inactivity. The excess funds were transferred to the general fund totaling \$301,596.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

4. Fund Accounting (Continued)

Fiduciary Funds:

- a. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District as private purpose trust funds. The District's Private Purpose Trust Funds are campus VIP funds and scholarship funds.
- b. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Funds are student activity funds.

5. Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

6. Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

7. Inventories

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting, and are subsequently charged to expenditures when consumed. In the General Fund, inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

8. Asset Capitalization and Useful Lives

Capital assets, which include land, buildings, furniture and equipment, right-to-use leased assets, and SBITAS are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District records any right-to-use lease asset and SBITA with an individual net present value of more than \$15,000 and an estimated term in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

8. Asset Capitalization and Useful Lives (Continued)

Buildings, furniture and other equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	15
Vehicles	5
Office Equipment	5
Computer Equipment	5

Leases and SBITAs of the District are amortized using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Leases	3
SBITAs	2-5

9. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported in functional expenses.

10. Fund Equity

Unassigned fund equity for governmental funds indicates available amounts for the budgeting of future operations. The committed fund equity for governmental funds indicates committed funds that have been earmarked by Board Resolution for specific purposes and are therefore not available for general expenditures to be appropriated in the following period unless amended by future board action. Restricted fund balance is that portion of fund equity which is not available for appropriation or which has been legally separated for specific purposes. As of June 30, 2025, the nonspendable fund balance included \$75,746 for inventories in the general fund and \$685,845 for inventories in the child nutrition program in the Special Revenue Fund. The Child Nutrition Fund has restricted a total of \$1,256,066 for federal and state fund grant restrictions. The Debt Service Fund has restricted a total of \$8,674,582 for retirement of funded indebtedness as of June 30, 2025. Amounts totaling \$54,321,850 have been committed for authorized construction programs in the Capital Projects Fund. The General Fund has committed \$1,638,200 for the retirement of loans and notes payable. The remaining non-major funds have other assigned fund balance of \$744,184 for the campus activity funds.

11. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. As of June 30, 2025, the District had committed to \$37,795,166 in Capital Projects purchase orders. The majority of these encumbrances were with contractors for the four major bond projects including Parks Elementary, Dunbar Early Education Center, Texas High School Career and Technology Education (CTE) facility and renovations at Wake Village Elementary School. Construction for these projects is estimated to be completed by August 2025.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

12. Risk Management – Claims and Judgements

The District is exposed to various risks of loss from a number of sources including fire and casualty losses, errors or omissions by board members and employees, and injuries to employees during the course of performing their duties. The District attempts to cover these losses through the purchase of insurance. Significant losses are covered by commercial insurance for property and liability programs. The District entered into an agreement with the Public Workers' Compensation Program (PCWP) for their workers' compensation plan. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

13. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

15. Compensated Absences

The District utilizes the accrual method for recording compensated absences. The District provides state and local leave benefits for full-time and part-time employees. The District shall provide employees with five days per year of state personal leave, with no limit on accumulation and no restrictions on transfer among districts. If an employee separates from employment with the District before his or her last duty day of the school year or begins employment after the first duty day of the school year, state personal leave shall be prorated based on the actual time employed.

Each employee shall earn three local partial-pay leave days per school year in accordance with administrative regulations. Local partial-pay leave shall accumulate up to a maximum of 30 days. Employees in positions normally requiring 11 or 12 months of service shall earn additional local sick leave beyond the three days of local partial-pay leave. The additional days shall be full-pay sick leave days and shall be earned in accordance with administrative regulations. Based on the length of their assignment, employees in positions requiring 11 or 12 months of service shall earn an additional one-half leave day, one leave day, or two leave days. Local full-pay leave shall accumulate up to a maximum of 30 days. Local leave shall be used according to the terms and conditions of state sick leave accumulated before the 1995–1996 school year; however, an employee may contribute local leave to a sick leave bank, which terminates on the last day of employment.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

A. Summary of Significant Accounting Policies (Continued)

16. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures. Actual results could differ from those estimates.

17. Restricted Assets

When the District incurs an expenditure for which it may use either restricted, committed, assigned, or unassigned fund balance, the restricted fund balances are utilized first, then committed, then unassigned, and unrestricted amounts are utilized last. When the District incurs an expense for which it may use either restricted or unrestricted net position, the restricted net position is utilized first.

18. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide (FASRG)*. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

19. Functions

School districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

20. Private-Sector Standards

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

B. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in the governmental funds. In addition, long-term liabilities, including bonds payable, notes payable, and accrued interest, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets		Accumulated	Net Value at the	Change in
At the Beginning of the Year	Historic Cost	Depreciation	Beginning of the Year	Net Position
Land	\$ 6,577,761	\$ -	\$ 6,577,761	
Buildings	181,138,216	94,947,517	86,190,699	
Furniture and Equipment	18,031,089	12,691,275	5,339,814	
SBITA Asset	1,231,542	562,651	668,891	
Construction in Progress	37,628,358	-	37,628,358	
Change in Net Position				\$ 136,405,523
Long-term Liabilities			Payable at the	
At the Beginning of the Year			Beginning of the Year	
Bonds Payable and Accretion on Capital Appreciation Bonds		\$	(170,494,460)	
Notes Payable			(8,220,470)	
Accrued Interest on Notes and Bonds			(3,349,476)	
Premium and Discount on Issuance of Bonds			(17,509,535)	
SBITA Liability			(586,242)	
Deferred Gain/Loss on Refunding			805,906	
Change in Net Position				\$ (199,354,279)
Net Adjustment to Net Position				\$ (62,948,756)

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

B. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position (Continued)

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position.

Two elements of that reconciliation explain that the District's proportionate share of the net pension liability, net OPEB liability, deferred outflows, and deferred inflows of resources as required by GASB 68 and GASB 75 were as follows:

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net Pension Liability	\$ (35,797,569)	\$ 6,725,746	\$ (29,071,823)
Deferred Inflow	(1,962,027)	(840,897)	(2,802,924)
Deferred Outflow	15,582,757	(7,560,070)	8,022,687
Net Adjustment to Net Position	<u>\$ (22,176,839)</u>	<u>\$ (1,675,221)</u>	<u>\$ (23,852,060)</u>

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net OPEB Liability	\$ (15,714,545)	\$ (4,561,706)	\$ (20,276,251)
Deferred Inflow	(23,731,734)	4,246,809	(19,484,925)
Deferred Outflow	9,415,513	2,616,258	12,031,771
Net Adjustment to Net Position	<u>\$ (30,030,766)</u>	<u>\$ 2,301,361</u>	<u>\$ (27,729,405)</u>

Another element of the reconciliation explains the District's liability for compensated absences as required by GASB 101 as well as the bond arbitrage liability as follows:

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Compensated Absences Liability	\$ (5,239,339)	\$ (89,914)	\$ (5,329,253)
Bond Arbitrage Liability	(2,510,146)	(1,432,202)	(3,942,348)
Net Adjustment to Net Position	<u>\$ (7,749,485)</u>	<u>\$ (1,522,116)</u>	<u>\$ (9,271,601)</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

B. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlay and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. The adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
<u>Current Year Capital Outlay</u>			
Land	\$ 58,368		
Buildings & Improvements	27,341,420		
Furniture & Equipment	4,463,617		
SBITA Asset (Net)	114,243		
Construction in Progress (Net)	<u>80,223,980</u>		
Total Capital Outlay	<u>\$ 112,201,628</u>	<u>\$ 112,201,628</u>	<u>\$ 112,201,628</u>
<u>Debt and Principal Activity</u>			
Bonds Issued	(56,915,000)		
Bonds Retired	13,360,000		
Bond Principal Payments	6,220,000		
Loan Principal Payments	<u>1,346,910</u>		
Total Principal Activity	<u>\$ (35,988,090)</u>	<u>\$ (35,988,090)</u>	<u>\$ (35,988,090)</u>
<u>Other Items</u>			
Change in Accrued Interest Payable	\$ (594,877)		
Change in SBITA Liability (Net)	259,742		
Change in Bond Premium and Accretion:			
Deferred Charge on Refunding Bonds (Net)	70,444		
Accretion on Capital Appreciation Bonds (Net)	927,127		
Premium on Bonds Issued	(2,136,095)		
Amortization of Premium on Bonds (Net)	<u>1,068,391</u>		
Total Other Items	<u>\$ (405,268)</u>	<u>\$ (405,268)</u>	<u>\$ (405,268)</u>
Total Adjustment to Net Position		<u><u>\$ 75,808,270</u></u>	<u><u>\$ 75,808,270</u></u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

B. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities (Continued)

Another element of the reconciliation on Exhibit C-2 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. The adjustment is the result of several items. The details for this element are as follows:

<u>Adjustments to Revenue and Deferred Revenue</u>	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
Taxes Collected from Prior Year Levies	(1,105,338)	\$ (1,105,338)	\$ -
Uncollected Taxes (assumed collectible)	463,025	463,025	463,025
PY Uncollected Taxes (assumed collectible)	525,528	525,528	525,528
PY Tax Collections	100,542	100,542	-
Total Changes		<u>\$ (16,243)</u>	<u>\$ 988,553</u>

C. Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with FDIC insurance or pledged securities, as approved by the School Depository Act, with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be pledged in the name of the governmental entity and held by the entity or its agent. At June 30, 2025, the District and the component unit's deposits were covered by FDIC insurance or pledged securities held by the depository's agent for the benefit of the District.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The *Public Funds Investment Act* (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to the investment practices as provided by the Act. Texarkana Independent School District is in substantial compliance with the requirements of the Act and with local policies.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

C. Deposits and Investments (Continued)

District Policies and Legal and Contractual Provisions Governing Investments (Continued)

FASB Accounting Standards Codification Subtopic 820-10 requires that investments in financial and nonfinancial assets be reported in a hierarchy which includes the following three different levels:

Level I: Assets are based on quoted prices or unadjusted quoted prices in active markets for identical assets or liabilities that the District has the ability to access at the District's year end.

Level II: Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.

Level III: Assets are based on unobservable inputs and which shall reflect the District's own assumptions about the asset or liabilities.

The fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets.

As of June 30, 2025, Texarkana Independent School District and its component unit had the following investments:

Level II Investments	Governmental & Custodial Funds		Component Unit	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Lone Star Investment Pool	\$ 56,839,147	\$ 56,839,147	\$ -	\$ -
Bank Held Investments	-	-	274,605	274,605
Total Level II Investments	56,839,147	56,839,147	274,605	274,605
Investments measured at NAV	-	-	94,607	94,607
Total Investments	\$ 56,839,147	\$ 56,839,147	\$ 369,212	\$ 369,212

The bank held investments listed above include the following:

	District	Component Unit
Certificates of Deposit	\$ -	\$ 274,605
Total Bank Held Investments	\$ -	\$ 274,605

Additional policies and contractual provisions governing deposits and investments for Texarkana Independent School District are specified below:

Credit Risk – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in obligations of the United States or its agencies, certificates of deposit, repurchase agreements, banker's acceptances, commercial paper, money market mutual funds, guaranteed investment contracts, and public funds investment pools.

Custodial Credit Risk for Investments – To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the depository's agent.

Concentration of Credit Risk – To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually, this limitation is 20%.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

C. Deposits and Investments (Continued)

Interest Rate Risk – To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District’s investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

Lone Star – The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is managed by an 11-member Board of Trustees and pursuant to the Investment Agreement, the Board is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of the Public Funds Investment Act, Lone Star has established an Advisory Board. The purpose of the Advisory Board is to gather and exchange information from participants and non-participants relating to Lone Star’s operations. The Board has entered into an agreement with the Texas Association of School Boards (TASB), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of the Lone Star’s operations. Standard & Poor’s rates money market funds and has rated Lone Star as AAA. The net asset value of the District’s investment in Lone Star approximates fair value.

D. Investment in Beneficial Interest in the Arkansas Community Foundation

In a prior year, the component unit (Foundation) transferred funds to the Arkansas Community Foundation (ACF), which is a permanently restricted endowment fund for which only the earnings on the investments can be distributed at the discretion of the ACF.

The beneficial interests in the ACF are recorded at the net asset value of the underlying assets which include but are not limited to common stocks, mutual funds, government bonds, corporate bonds, mortgage-backed securities, fixed income funds, partnerships and cash. The net asset value is used as a practical expedient to estimate fair value.

This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the net asset value. The Foundation’s assets measured at the net asset value are not classified within the fair value hierarchy. See Note C.

The following table summarizes investments for which fair value is measured using the net asset value per share as a practical expedient as of June 30, 2025:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Arkansas Community Foundation	\$ 94,607	N/A	N/A	N/A

E. Depository Contract Law

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third-party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At June 30, 2025, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$33,243,817 and the bank balance was \$35,378,307. At year end, the District's cash deposits were covered by FDIC insurance or by pledged collateral held by the District's agent banks.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

F. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Code. The assessed value of the property tax roll on January 1, 2024, upon which the levy for the 2024-2025 fiscal year was based, was \$3,095,602,278. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.7552 and \$0.4538 per \$100 valuation, for a total of \$1.2090 per \$100 valuation.

Taxes are due upon receipt of the tax bill and are past-due and subject to penalties and interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien is placed on property to secure the payment of all taxes, penalties, and interest that is ultimately imposed. Property tax revenues are considered available when they become due or past-due and receivable within the current period and are collected during the fiscal year.

Total tax collections for the year ended June 30, 2025, were 99% of the current year adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2025, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,080,596 and \$536,240 for the General and Debt Service Funds, respectively.

G. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2025, are summarized below.

All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

	State Entitlements	Federal & State Grants	Taxing Authority	Total
General Fund	\$ 5,847,383	\$ 1,441,671	\$ 1,225,435	\$ 8,514,490
Special Revenue Funds	-	2,577,487	-	2,577,487
Total	<u>\$ 5,847,383</u>	<u>\$ 4,019,158</u>	<u>\$ 1,225,435</u>	<u>\$ 11,091,977</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

H. Interfund Receivables and Payables

Interfund balances at June 30, 2025, consisted of the following individual fund receivables and payables for the Governmental, Business-Type and Trust and Fiduciary Funds:

	<u>Receivable</u>	<u>Payable</u>
General Fund		
Debt Service Fund	\$ -	\$ 1,644,709
General Fund	1,644,709	751,408
Capital Projects Funds	966,293	-
Fiduciary Funds	50,203	-
Total General Fund	<u>2,661,205</u>	<u>2,396,117</u>
Special Revenue Funds		
Fiduciary Funds	-	166,904
	<u>-</u>	<u>166,904</u>
Debt Service Fund		
General Fund	751,408	-
Total Debt Service Fund	<u>751,408</u>	<u>-</u>
Capital Projects Funds		
General Fund	-	966,293
Total Capital Projects Funds	<u>-</u>	<u>966,293</u>
Fiduciary Funds		
Special Revenue Funds	166,904	50,203
Total Fiduciary Fund	<u>166,904</u>	<u>50,203</u>
Grand Totals	<u>\$ 3,579,517</u>	<u>\$ 3,579,517</u>

I. Capital Asset Activity

Governmental capital asset activity for the District for the year ended June 30, 2025, was as follows:

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025
Governmental Activities:				
Land	\$ 6,577,761	\$ 58,368	\$ -	\$ 6,636,129
Building and Improvements	181,138,216	27,341,420	-	208,479,636
Furniture and Equipment	18,031,089	4,463,617	653,019	21,841,687
Construction in Progress	37,628,358	97,163,889	16,939,909	117,852,338
Intangible SBITA Asset	1,231,542	220,273	229,986	1,221,829
Totals at Historical Cost	<u>244,606,966</u>	<u>129,247,567</u>	<u>17,822,914</u>	<u>356,031,619</u>
Less Accumulated Depreciation				
Buildings and Improvements	94,947,517	6,219,771	-	101,167,288
Furniture and Equipment	12,691,275	1,821,196	653,019	13,859,452
Less Accumulated Amortization for				
Intangible SBITA Asset	562,651	328,435	123,956	767,130
Total Accumulated Depreciation	<u>108,201,443</u>	<u>8,369,402</u>	<u>776,975</u>	<u>115,793,870</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 136,405,523</u>	<u>\$ 120,878,165</u>	<u>\$ 17,045,939</u>	<u>\$ 240,237,749</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

I. Capital Asset Activity (Continued)

Business-type capital asset activity for the District for the year ended June 30, 2025, was as follows:

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025
Business-type Activities:				
Building and Improvements	\$ 9,200	\$ -	\$ -	\$ 9,200
Furniture and Equipment	217,919	-	-	217,919
Intangible Right-to-Use Lease Asset	103,142	-	-	103,142
Totals at Historical Cost	330,261	-	-	330,261
Less Accumulated Depreciation				
Buildings and Improvements	9,200	-	-	9,200
Furniture and Equipment	217,919	-	-	217,919
Less Accumulated Amortization for				
Intangible Right-to-Use Lease Asset	65,896	34,243	-	100,139
Total Accumulated Depreciation	293,015	34,243	-	327,258
Business-type Activities				
Capital Assets, Net	<u>\$ 37,246</u>	<u>(34,243)</u>	<u>-</u>	<u>\$ 3,003</u>

Fiduciary capital asset activity for the District for the year ended June 30, 2025, was as follows:

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025
Fiduciary Activities:				
Furniture and Equipment	\$ 69,077	\$ 50,203	\$ -	\$ 119,280
Totals at Historical Cost	69,077	50,203	-	119,280
Less Accumulated Depreciation				
Furniture and Equipment	18,291	16,325	-	34,616
Total Accumulated Depreciation	18,291	16,325	-	34,616
Fiduciary Activities				
Capital Assets, Net	<u>\$ 50,786</u>	<u>\$ 33,878</u>	<u>\$ -</u>	<u>\$ 84,664</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

I. Capital Asset Activity (Continued)

Depreciation and amortization expense was charged to governmental functions as follows:

	Governmental	
	SBITAs	Capital Assets
Instruction	\$ 165,728	\$ 6,258,110
Instructional Resource & Media Services	15,192	98,647
Curriculum & Instructional Staff Development	4,920	10,624
Health Services	-	310,989
Student Transportation	-	220,061
Food Services	43,170	635,716
General Administration	12,944	353,536
Plant Maintenance and Operations	-	106,236
Data Processing Services	86,481	-
Security and Monitoring Services	-	47,048
Total	<u>\$ 328,435</u>	<u>\$ 8,040,967</u>

Depreciation expense was charged to business-type and fiduciary functions as follows:

	Business-Type		Fiduciary
	Capital Assets	ROU Leases	Fixed Assets
Instruction	\$ -	\$ -	\$ 10,467
Cocurricular/Extracurricular Activities	-	-	5,858
General Administration	-	34,243	-
Total	<u>\$ -</u>	<u>\$ 34,243</u>	<u>\$ 16,325</u>

J. Right-to-Use Lease Obligations

The District has two lease agreements reported in the business-type activity funds for the lease of equipment. Both of these leases have a term of three years. The interest rate used in determining the net present value of the lease liability range was 3.25%. As of June 30, 2025, the District had no governmental right-to-use leases.

A summary of the business-type right-to-use lease activity for the year ended June 30, 2025, is as follows:

<u>Asset Type</u>	Right-to-Use Lease Asset 6/30/2024	Additions	Deductions	Lease Asset 6/30/2025
Copier/Printer	<u>\$ 103,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,142</u>
<u>Asset Type</u>	Accumulated Amortization 6/30/2024	Additions	Deductions	Accumulated Amortization 6/30/2025
Copier/Printer	<u>\$ (65,896)</u>	<u>\$ (34,243)</u>	<u>\$ -</u>	<u>\$ (100,139)</u>
ROU Leased Asset (net)	<u>\$ 37,246</u>	<u>\$ (34,243)</u>	<u>\$ -</u>	<u>\$ 3,003</u>
<u>Asset Type</u>	Right-to-Use Lease Liability 6/30/2024	Additions	Deductions	Right-to-Use Lease Liability 6/30/2025
Copier/Printer	<u>\$ 37,246</u>	<u>\$ -</u>	<u>\$ 34,243</u>	<u>\$ 3,003</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

J. Right-to-Use Lease Obligations (Continued)

Amounts due for the right-to-use lease obligations are as follows:

Year Ended June 30,	Business-Type	
	Principal	Interest
	Due	Due
2026	\$ 3,003	\$ 8
	<u>\$ 3,003</u>	<u>\$ 8</u>

Business-type activities lease interest expense for the year ended June 30, 2025 was \$724.

K. Subscription-Based Information Technology Arrangements

The District has several subscription-based information technology arrangements (SBITA) used to provide instruction to students as well as for other operational purposes of the District. All of these arrangements have a term of three years. The interest rates used in determining the net present value of the subscription liability ranges from 2.82% to 5.18%.

A summary of the subscription-based information technology arrangements (SBITA) activity for the year ended June 30, 2025, is as follows:

<u>Asset Type</u>	Right-to-Use SBITA Asset 6/30/2024	Additions	Deductions	Right-to-Use SBITA Asset 6/30/2025
Education	\$ 782,922	\$ 60,693	\$ 208,217	\$ 635,398
Food Service	125,606	159,580	-	285,186
Administration	40,423	-	-	40,423
Security	22,049	-	22,049	-
Data Processing	260,542	-	-	260,542
	<u>\$ 1,231,542</u>	<u>\$ 220,273</u>	<u>\$ 230,266</u>	<u>\$ 1,221,549</u>
<u>Asset Type</u>	Accumulated Amortization 6/30/2024	Additions	Deductions	Accumulated Amortization 6/30/2025
Education	\$ (380,159)	\$ (185,840)	\$ (110,576)	\$ (455,423)
Food Service	(38,591)	(43,170)	-	(81,761)
Administration	(12,419)	(12,944)	-	(25,363)
Security	(13,660)	-	(13,660)	-
Data Processing	(117,822)	(86,481)	-	(204,303)
	<u>\$ (562,651)</u>	<u>\$ (328,435)</u>	<u>\$ (124,236)</u>	<u>\$ (766,850)</u>
SBITA Asset (net)	<u>\$ 668,891</u>	<u>\$ (108,162)</u>	<u>\$ 106,030</u>	<u>\$ 454,699</u>
<u>Asset Type</u>	SBITA Liability 6/30/2024	Additions	Deductions	SBITA Liability 6/30/2025
Education	\$ 334,542	\$ 60,693	\$ 268,401	\$ 126,834
Food Service	81,606	159,580	95,553	145,633
Administration	26,263	-	13,632	12,631
Security	11,767	-	11,767	-
Data Processing	132,064	-	90,663	41,401
	<u>\$ 586,242</u>	<u>\$ 220,273</u>	<u>\$ 480,016</u>	<u>\$ 326,499</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

K. Subscription-Based Information Technology Arrangements (Continued)

Amounts due for the SBITA obligations are as follows:

Year Ended June 30,	Principal Due	Interest Due
2026	\$ 253,110	\$ 5,231
2027	73,389	2,471
	\$ 326,499	\$ 7,702

L. Deferred Charge on Refunding

During the current fiscal year and in prior years, the District issued refunding bonds to defease certain outstanding debt obligations. The difference between the reacquisition price and the net carrying amount of the refunded debt resulted in a deferred charge on refunding. In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, this amount is reported as a deferred outflow of resources in the accompanying financial statements.

This deferred charge is being amortized as a component of interest expense over the remaining life of the refunded debt using the straight-line method. Amortization of the deferred outflow of resources recognized as interest expense during the year ended June 30, 2025, totaled \$220,900.

At June 30, 2025, the deferred charge on refunding was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bond, Series 2015	\$ 805,906	\$ -	\$ 201,477	\$ 604,429	\$ 201,477
Unlimited Tax Refunding Bonds, Series 2024	-	291,344	19,423	271,921	19,423
Total	\$ 805,906	\$ 291,344	\$ 220,900	\$ 876,350	\$ 220,900

M. Unearned Revenues

Unearned revenues of the individual funds of the District at June 30, 2025, consisted of the following:

	General Fund	Special Revenue	Debt Service	Total
Net Tax Revenue	\$ 684,783	\$ -	\$ 303,771	\$ 988,554
Textbook Allotment (IMA)	-	71,808	-	71,808
Advanced Placement Allotment	-	291	-	291
Tigers Children's Clinic	-	41,535	-	41,535
Public School CCS	-	1,066,462	-	1,066,462
	\$ 684,783	\$ 1,180,096	\$ 303,771	\$ 2,168,650

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

N. Loans Payable

In 2010, the District obtained a loan for \$6,512,905 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$3,212,905 of outstanding loans.

In 2011, the District obtained a loan for \$7,797,730 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$7,100,517 of outstanding loans.

In 2018, the District obtained a loan for \$4,925,000 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

In 2019, the District obtained two loans for \$1,000,000 each under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

A summary of the long-term loan activity for the year ended June 30, 2025, is as follows:

<u>Year Approved</u>	<u>Loan Purpose</u>	<u>Interest Rate</u>	<u>Total Loans Authorized</u>	<u>Amount Outstanding 6/30/2024</u>	<u>Retired</u>	<u>Amount Outstanding 6/30/2025</u>
Payable from General Fund						
2019	Maintenance	2.50%	\$ 1,000,000	\$ 785,000	\$ 45,000	740,000
2019	Maintenance	2.00%	1,000,000	685,000	65,000	620,000
2018	Maintenance	2.84%	4,925,000	4,070,000	240,000	3,830,000
2011	Maintenance	2.96%	7,797,730	1,848,295	599,081	1,249,214
2010	Maintenance	2.95%	6,512,905	832,175	397,829	434,346
				<u>\$ 8,220,470</u>	<u>\$ 1,346,910</u>	<u>\$ 6,873,560</u>

Interest expense for 2025 was \$253,000.

Debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,427,052	\$ 210,237	\$ 1,637,289
2027	1,501,508	169,642	1,671,150
2028	1,505,000	132,331	1,637,331
2029	1,555,000	85,981	1,640,981
2030	130,000	36,250	166,250
2031-2035	545,000	101,175	646,175
2036-2038	210,000	28,200	238,200
	<u>\$ 6,873,560</u>	<u>\$ 763,816</u>	<u>\$ 7,637,376</u>

O. Bonds Payable

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

On March 18, 2015, the District issued Unlimited Tax School Building and Refunding Bonds, Series 2015 to refund \$15,781,155 of the Unlimited Tax School Building Bonds, Series 2007. The total issue was \$42,930,000, \$27,150,000 for School Building and \$15,780,000 for refunding. The refunding bonds issued provided the District with a net present value cash flow savings of \$3,460,000 and an economic gain of \$2,804,431. As of June 30, 2025, \$8,090,000 of the bonds are outstanding.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

O. Bonds Payable (Continued)

On February 22, 2023, the District issued Unlimited Tax School Building Bonds, Series 2023. The total issue was \$137,690,000. As of June 30, 2025, \$136,575,000 of the bonds were outstanding.

On December 3, 2024, the District issued Adjustable Rate Unlimited Tax School Building Bonds, Series 2024. The total issue was \$44,805,000. As of June 30, 2025, \$44,805,000 of the bonds were outstanding.

On December 17, 2024, the District issued Unlimited Tax Refunding Bonds, Series 2024, to refund \$16,360,000 of the outstanding Unlimited Tax School Refunding Bonds, Series 2015. The total issue was for \$12,110,000 with a \$3,000,000 cash contribution for principal reduction. The refunding bonds issued provided the District with a net present value savings of \$3,947,447.

A summary of changes in general long-term debt for the year ended June 30, 2025, is as follows:

Description	Interest Rate Payable	Original Issued	Outstanding 6/30/2024	Issued	Retired	Outstanding 6/30/2025
Unlimited Tax Refunding Bonds - Series 2015	2.00% - 5.00%	27,150,000	21,300,000	-	17,330,000	3,970,000
Unlimited Tax School Building & Refunding Bonds - Series 2015	2.00% - 5.00%	15,780,000	5,570,000	-	1,450,000	4,120,000
Unlimited Tax School Building & Bonds - Series 2023	4.00% - 5.00%	137,690,000	137,005,000	-	430,000	136,575,000
Adjustable Rate Unlimited Tax Refunding Bonds - Series 2024	4.00%	44,805,000	-	44,805,000	-	44,805,000
Unlimited Tax Refunding Bonds - Series 2024	5.00%	12,110,000	-	12,110,000	370,000	11,740,000
Totals			<u>\$ 163,875,000</u>	<u>\$ 56,915,000</u>	<u>\$ 19,580,000</u>	<u>\$ 201,210,000</u>

Debt Service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total
2026	\$ 3,255,000	\$ 10,463,700	\$ 13,718,700
2027	2,850,000	10,877,500	13,727,500
2028	2,800,000	10,932,350	13,732,350
2029	5,145,000	8,243,500	13,388,500
2030	5,415,000	8,000,250	13,415,250
2031-2035	30,650,000	36,009,150	66,659,150
2036-2040	37,090,000	27,867,800	64,957,800
2041-2045	37,070,000	19,952,600	57,022,600
2046-2050	45,170,000	11,917,400	57,087,400
2051-2053	31,765,000	2,575,200	34,340,200
Total Bonded Debt	<u>\$ 201,210,000</u>	<u>\$ 146,839,450</u>	<u>\$ 348,049,450</u>

During the year ended June 30, 2025, the District paid \$8,932,703 in bond interest expense and \$348,428 in bond issuance fees.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

P. Bonds Arbitrage Rebate Liability

The District has issued tax-exempt bonds that are subject to federal arbitrage rebate requirements under Section 148(f) of the Internal Revenue Code. These regulations require issuers to rebate to the U.S. Treasury certain excess earnings on bond proceeds if the yield from investing those proceeds materially exceeds the yield on the related tax-exempt bonds. As of June 30, 2025, the District has recorded an arbitrage rebate liability totaling \$3,942,348. The liability is based on estimates provided by the District's arbitrage consultant and reflects excess investment earnings through the current fiscal year. Payment of this liability is expected to be made no later than February 22, 2028, in accordance with the timelines established by the Internal Revenue Service. The liability is recorded in the government-wide financial statements as a governmental activity long-term liability. The District is of the opinion that it has complied with all arbitrage rebate requirements as of the reporting date.

Q. Changes in Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2025, was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 163,875,000	\$ 56,915,000	\$ 19,580,000	\$ 201,210,000	\$ 3,255,000
Accretion on Capital Appreciation Bonds	6,619,460	957,873	1,885,000	5,692,333	(1,257,891)
Bond Premium	17,509,535	2,136,095	1,068,391	18,577,239	2,422,349
Bond Arbitrage	2,510,146	1,432,202	-	3,942,348	-
Loans Payable	8,220,470	-	1,346,910	6,873,560	1,427,052
SBITAs	586,242	220,273	480,016	326,499	253,110
Compensated Absences	5,239,339	89,914	-	5,329,253	1,795,237
Total Governmental Activities Long-term Liabilities	<u>\$ 204,560,192</u>	<u>\$ 61,751,357</u>	<u>\$ 24,360,317</u>	<u>\$ 241,951,235</u>	<u>\$ 7,894,857</u>

R. Defined Benefit Pension Plan

Plan Description – The District participates in a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position – Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

R. Defined Benefit Pension Plan (Continued)

The information provided in the Notes to the Financial Statements in the 2024 ACFR for TRS provides the following information regarding the Pension Plan Fiduciary net position as of August 31, 2024.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 271,627,434,294
Less: Plan Fiduciary Net Position	(210,543,258,495)
Net Pension Liability	<u>\$ 61,084,175,799</u>
Net Position as percentage of Total Pension Liability	77.51%

Benefits Provided – TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five-highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description on the previous page. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends – Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age or older.
- A one-time \$2,400 stipend to eligible annuitants who are age 70 to 74.

Cost-of-Living Adjustment – A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

R. Defined Benefit Pension Plan (Continued)

Contributions – Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

	<u>Contribution Rates</u>	
	<u>2024</u>	<u>2025</u>
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

District's 2025 Employer Contributions	\$	2,732,417
District's 2025 Member Contributions	\$	5,032,283
District's 2024 NECE On-Behalf Contributions	\$	3,347,262

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is a surcharge an employer is subject to:

- All public schools must contribute 1.9% of the member’s salary beginning in fiscal year 2024, gradually increasing to 2.0% in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

R. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the August 31, 2023, actuarial valuation was determined using the following actuarial assumption:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate	3.87%
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

Discount Rate – A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

R. Defined Benefit Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024, are summarized below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	4.4 %	1.0 %
Non-U.S. Developed	13.0	4.2	0.8
Emerging Markets	9.0	5.2	0.7
Private Equity	14.0	6.7	1.2
Stable Value			
Government Bonds	16.0	1.9	0.4
Stable Value Hedge Funds	5.0	3.0	0.2
Absolute Return*	0.0	4.0	0.0
Real Return			
Real Estate	15.0	6.6	1.2
Energy, Natural Resources and Infrastructure	6.0	5.6	0.4
Commodities	0.0	2.5	0.0
Risk Parity	8.0	4.0	0.4
Asset Allocation Leverage			
Cash	2.0	1.0	0.0
Asset Allocation Leverage	(6.0)	1.3	(0.1)
Inflation Expectation			2.4
Volatility Drag****			(0.7)
Expected Return	100.0 %		7.9%

*Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2024 policy model.

***Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023).

****The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis – The following table presents the impact of the net pension liability if the discount rate used was 1 percentage point lower than (6.00%) and 1 percentage point higher than (8.00%) the discount rate that was used in measuring the net pension liability (7.00%).

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$46,435,068	\$29,071,823	\$14,685,141

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

R. Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On June 30, 2025, the District reported a liability of \$29,071,823 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 29,071,823
State's proportionate share that is associated with the District	36,282,504
Total	<u>\$ 65,354,327</u>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023, through August 31, 2024.

On August 31, 2024, the employer's proportion of the collective net pension liability was 0.047593052% which was a decrease of 0.004521356% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation – The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

For the year ended June 30, 2025, the District recognized pension expense of \$9,209,762 and revenue of \$4,336,366 for support provided by the State.

On June 30, 2025, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 1,602,399	\$ 226,979
Changes in actuarial assumptions	1,501,040	201,238
Difference between projected and actual investment earnings	176,718	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,457,800	2,374,707
Contributions paid to TRS subsequent to the measurement date	2,284,730	-
Total	\$ 8,022,687	\$ 2,802,924

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

R. Defined Benefit Pension Plan (Continued)

The District recognized \$2,284,730 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the District's balances of deferred outflows and inflows of resources to the pension be recognized in pension expense as follows:

Measurement year ended August 31:	Pension Expense Amount
2025	\$ 250,099
2026	3,301,527
2027	499,909
2028	(944,868)
2029	(171,634)
Thereafter	-

S. Defined Other Post-Employment Benefit Plans

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing, defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS ACFR that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/learning-resources/publications>; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2024, are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 35,168,178,563
Less: Plan Fiduciary Net Position	(4,816,646,311)
Net OPEB Liability	<u>\$ 30,351,532,252</u>
Net Position as percentage of Total OPEB Liability	13.70%

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

S. Defined Other Post-Employment Benefit Plans (Continued)

The new premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate, which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2024. The table below shows contributions to the TRS-Care plan by type of contributor.

	<u>2024</u>	<u>2025</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

District's 2025 FY Employer Contributions	\$ 597,171
District's 2025 FY Member Contributions	\$ 396,486
District's 2024 NECE On-Behalf Contributions	\$ 760,336

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

S. Defined Other Post-Employment Benefit Plans (Continued)

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

The active mortality rates were based on PUB (2010), Amount-Weighted, Below Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death."
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% - 8.95%, including inflation
Ad Hoc Post Employment Benefit Changes	None

Discount Rate. A single discount rate of 3.87% was used to measure the total OPEB liability. This was a decrease of 0.26% in the discount rate since the previous year.

Because the investments were held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Bond Buyer's "20-year Municipal GO Index" as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

S. Defined Other Post-Employment Benefit Plans (Continued)

Discount Rate Sensitivity Analysis. The following table presents the impact of the net OPEB liability if the discount rate used was 1 percentage point lower than (2.87%) and 1 percentage point higher than (4.87%) the discount rate that was used in measuring the net pension liability (3.87%).

	1% Decrease (2.87%)	Current Single Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liability	\$ 24,089,134	\$ 20,276,251	\$ 17,195,385

Healthcare Trend Rate Sensitivity Analysis. The following table presents the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the health rates assumed.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 16,511,996	\$ 20,276,251	\$ 25,181,451

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

On June 30, 2025, the District reported a liability of \$20,276,251 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 20,276,251
State's proportionate share that is associated with the District	25,405,868
Total	\$ 45,682,119

The Net OPEB liability was measured as of August 31, 2023, and rolled forward to August 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023, through August 31, 2024.

On August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.066804704%, which is a decrease of 0.004178804% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

- The single discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

Changes In Benefit Terms Since the Prior Measurement Date – There were no changes of benefit terms since the prior measurement date.

For the year ended June 30, 2025, the District recognized OPEB expense of \$2,475,480 and revenue of \$3,302,294 for support provided by the State.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

S. Defined Other Post-Employment Benefit Plans (Continued)

On June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 3,886,277	\$ 10,118,949
Changes in actuarial assumptions	2,595,121	6,615,906
Difference between projected and actual investment earnings	-	56,781
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,052,291	2,623,289
Contributions paid to TRS subsequent to the measurement date	498,082	-
Total	\$ 12,031,771	\$ 19,414,925

The District recognized \$498,082 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement year ended August 31:	Pension Expense Amount
2025	\$ (2,301,853)
2026	(1,383,517)
2027	(1,816,746)
2028	(1,541,961)
2029	(843,256)
Thereafter	6,098

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

T. General Fund and Capital Projects Federal Source Revenues

Indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of federally-funded grant programs.

Program or Source	Federal Assistance Listing Number	Amount
<u>General Fund</u>		
Medicaid - School Health and Related Services (SHARS)	N/A	\$ 575,410
Medicaid Administrative Claims	93.778	20,263
Indirect Costs:		
Child Nutrition - Lunch	10.553	621,394
Child and Adult Care Food Program	10.558	163,922
ESSA, Title I, Part A	84.010A	126,148
2023-2025 TTL I, 1003 ESF-Focused Support Grant	84.010A	3,982
School Action Fund Continuation	84.010A	12,418
2024-2025 School Action Fund	84.010A	7,422
2024-2025 Perkins V: Strengthening CTE For 21st Century	84.048A	2,798
Title II, Part-A - Supporting Effective Instruction	84.367A	20,008
2024-2025 Stronger OST	84.287C	819
TCLAS-ESSER III	84.425U	3,068
ARP ESSER III	84.425U	57,178
Title IV, Part A, Subpart I	84.424A	8,507
2024-2025 Stronger Connections Grant	84.424F	15,686
Total General Fund		<u>\$ 1,639,023</u>
<u>Capital Projects Fund</u>		
E-Rate	N/A	\$ 401,079
Total Capital Projects Fund		<u>\$ 401,079</u>

U. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Special Revenue	Debt Service	Capital Projects	Total
Property Taxes	\$ 21,839,716	-	\$ 13,065,262	-	\$ 34,904,978
Investment Income	813,697	96,390	424,068	4,510,920	5,845,075
Penalties & Interest	270,095	-	125,847	-	395,942
Tuition & Fees	65,923	772,461	-	-	838,384
Rent	65,911	-	-	-	65,911
Food Service	-	510,528	-	-	510,528
Gifts and Bequests	8,150	99,489	-	-	107,639
Athletic	131,270	-	-	-	131,270
Student Activity	13,042	599,658	-	-	612,700
Intermediate	19,849	-	-	-	19,849
Insurance Recovery	33,397	-	-	-	33,397
Tax Abatement Supplement	-	520,373	-	-	520,373
Other	1,202,063	230,506	-	-	1,432,569
	<u>\$ 24,463,113</u>	<u>\$ 2,829,405</u>	<u>\$ 13,615,177</u>	<u>\$ 4,510,920</u>	<u>\$ 45,418,615</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

V. Interfund Transfers

Interfund transfers for the year ended June 30, 2025, are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:	\$ 301,596	\$ -
General Fund	<u>301,596</u>	<u>-</u>
Enterprise Funds:	-	301,596
Enterprise Funds	<u>-</u>	<u>301,596</u>
	<u>\$ 301,596</u>	<u>\$ 301,596</u>

W. Stewardship, Compliance and Accountability

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in the FASRG, and is prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

Annual budgets are adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Child Nutrition Special Revenue Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. The General Fund budgetary comparison appears in Exhibit G-1, the Child Nutrition is shown on Exhibit G-2, and the Debt Service Fund is shown on Exhibit J-3.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 30, of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The approved budget is filed with the Texas Education Agency through the Public Education Information Management System (PEIMS).

The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board. During the year, several amendments were necessary.

A reconciliation of fund balances at June 30, 2025, for both budgeted and unbudgeted special revenue funds is as follows:

Budgeted Funds - Child Nutrition Special Revenue Fund	\$ 1,941,911
Unbudgeted Funds	744,184
All Special Revenue Funds	<u>\$ 2,686,095</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

X. Commitments and Contingencies

Litigation – As of June 30, 2025, the District was the named defendant in a lawsuit arising in the normal course of business. This lawsuit is pending a final settlement agreement with the court. The District anticipates this settlement to be paid from insurance proceeds. Accordingly, no liability has been reported in the financial statements.

TAPS – The District has maintained insurance coverage through the Texas Association of Public Schools Property and Liability Fund (TAPS) for a number of years. This cost-sharing risk pool arrangement did not have sufficient funds to meet its obligations for the 2015-2016 year resulting in an assessment of members. Since that assessment, TAPS has filed for bankruptcy protection which may result in an additional assessment of members to fund in any further losses. Any additional assessment of members, if any, cannot be reasonably estimated, but the District is of the opinion that it would not significantly impact operations.

Grant Programs – The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the granting agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any funds received may be required and the collectability of any related receivables at June 30, 2025, may be impaired. The District is of the opinion that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Y. Health Care Coverage

The District participates in TRS – ActiveCare, which is designed for active public education employers and TRS – Care plan for public education retirees. In accordance with plan provisions, the District paid \$317 in premiums on behalf of each employee for 2024-2025 fiscal year. The remaining premiums were paid by the employees based upon the coverage elections.

Z. Workers' Compensation

On September 1, 2011, Texarkana ISD opted out of the self-funded workers' compensation program with other member school districts. The District's current coverage is with TASB Risk Management Fund for a fixed rate of \$304,923 from July 1, 2024 thru July 1, 2025. The District is still responsible for past liabilities with Claims Administrative Services. The accrued liability for Claims Administrative Services self-insurance of \$5,701 includes incurred but not reported claims. This liability reported in the fund as of June 30, 2025 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be due to changes in legal doctrines, and damage awards. This process used in computing the liability does not result necessarily in an exact amount. The liability booked was the discounted estimate of the actuary at the mean funding level.

Changes in the workers' compensation claims liability in fiscal years ended June 30, 2025 and 2024 are represented below:

	<u>2025</u>	<u>2024</u>
Beginning of Fiscal Year Liability	\$ 6,367	\$ 8,716
Current Year Claims and Changes	115	(1,667)
Claims Payments	<u>(781)</u>	<u>(682)</u>
End of Fiscal Year Liability	<u>\$ 5,701</u>	<u>\$ 6,367</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

AA. Medicare Prescription Drug, Improvement, and Modernization Act

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public Schools Retired Employee Group Insurance program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on behalf payments have been recorded as equal revenues and expenditures in the amount of \$451,101, \$321,420, and \$326,579 for 2025, 2024, and 2023, respectively.

BB. Tax Abatements

The District entered into a property tax abatement agreement with a local business under Texas Tax Code, Title 3. Subtitle B. Chapter 313. Texas Economic Development Act (the Act) beginning November 16, 2022, through December 31, 2035. Under the Act, Texas school districts may grant property tax abatements according to the category of taxable value of property in the District for the preceding tax year. Texarkana Independent School District is considered a Category I district, which limits the minimum amount per qualified investment to \$30 million. The qualified property is limited only from maintenance and operation (M&O) property tax. The tax abatements, which are approved by the Texas Comptroller's Office and the District's Board of Trustees, are granted for the purpose of enhancing the local community; improving the public education system; creating high-paying jobs; and advancing economic development goals.

The agreement allows the local business to invest a minimum capital investment totaling \$30,000,000 per year within the District's boundaries during a qualifying period. Such investments would be limited to taxable value of the lesser of qualified appraised value or the agreements \$1,000,000 to \$30,000,000. The District's tax abatements expire in increments beginning December 31, 2022, through December 31, 2035.

For the fiscal year ended June 30, 2025, the District foregoes collecting property taxes on an assessed taxable value totaling \$85,940,700 resulting from the M&O tax rate of \$0.75520 per \$100 of taxable value. The qualified property per the agreement had a taxable value of \$115,940,700 and was limited to a taxable value of \$30,000,000. However, in foregoing the property tax revenue, the District receives state funding through the Foundation School Program funding formula to offset the loss of property tax revenues. In addition, the local business receiving such property tax abatements have committed to compensate the District for the loss of M&O revenue, reimburse the District for all non-reimbursed costs for extraordinary education related expenses not funded by state aid, and compensate the District for the greater of \$100 per student per average daily attendance (ADA) or \$50,000 during the term of the agreement. During the year ended June 30, 2025, the District received approximately \$649,024 related to the tax abatement, which included a supplemental payment of \$520,373 and a revenue loss payment of \$128,651.

CC. Virtual School

Beginning in the 2022-2023 school year, the District contracted with K12 Virtual Schools, LLC to offer a virtual learning environment to students across the state of Texas. District enrollment for the 2024-2025 school year included 471 virtual students. State funding received by the District for the majority of these students has been remitted to K12 Virtual Schools, LLC to operate the campus as of June 30, 2025.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

DD. Elementary and Secondary School Emergency Relief Fund (ESSER)

In response to the COVID-19 pandemic, the United States Congress passed a Coronavirus Aid, Relief, and Economic Security Act (CARES Act), an aids package designed to help the economy as it suffers from the effects of the COVID-19 pandemic. Part of the CARES Act was the Elementary and Secondary School Emergency Relief (ESSER) funding which could be used by school districts to cover expenses incurred on or after March 13, 2020. The District was able to apply for this grant through TEA starting in June of 2020. Entitlement for this grant was determined by the District's proportionate share of the state's Title I, Part A grant received for the year ended June 30, 2020.

The District was also awarded ESSER III funding in February 2022 in the amount of \$20,643,587. Of this award amount, the District spent \$4,486,481 during the 2021-2022 year, \$6,800,121 during the 2022-2023 year, \$7,900,809 during the 2023-2024 year, and \$882,379 during the 2024-2025 year.

EE. Prior Period Restatement

Implementation of New Accounting Standard

During the year ended June 30, 2025, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 established recognition and measurement guidance for compensated absence including vacation, sick leave, and other leave benefits that accumulate and are used in future periods. The statement requires that a liability be recognized for leave that has been earned and is more likely than not to be used or otherwise paid. The implementation of GASB 101 required the District to evaluate its previously reported liability for compensated absences. Under prior guidance, the liability was only recognized for leave that was both earned and vested or payable. Under the new guidance, the liability now includes additional leave types expected to be used or paid, resulting in an increase (or decrease) in the previously reported liability.

Bond Arbitrage Rebate Liability

During the year ended June 30, 2025, the District determined that the amount of the arbitrage rebate liability could be reasonably estimated. During the prior year, the liability was not recorded because the amount was not practicably determinable due to uncertainties regarding future investment earnings and applicable rebate calculations.

As a result of the items discussed above, beginning net position as of July 1, 2024, has been restated as follows:

	Governmental Activities	Business-Type Activities	Total	Nonmajor Component Unit
Net Position - Beginning, as Previously Reported	\$ 29,337,046	\$ 945,848	\$ 30,282,894	\$ 773,891
Adjustment for the Implementation of GASB 101	(5,239,339)	-	(5,239,339)	-
Recognition of Bond Arbitrage Rebate Liability	(2,510,146)	-	(2,510,146)	-
Net Position - Beginning, As Restated	<u>\$ 21,587,561</u>	<u>\$ 945,848</u>	<u>\$ 22,533,409</u>	<u>\$ 773,891</u>

FF. Subsequent Events

Management has evaluated subsequent events through December 15, 2025, the date the financial statements were available to be issued, and has determined that no disclosures are considered necessary.

Required Supplementary Information

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 24,780,599	\$ 26,218,056	\$ 24,463,113	\$ (1,754,943)
5800 State Program Revenues	51,429,711	56,260,670	54,352,311	(1,908,359)
5900 Federal Program Revenues	1,770,000	1,770,000	1,639,023	(130,977)
5020 Total Revenues	77,980,310	84,248,726	80,454,447	(3,794,279)
EXPENDITURES:				
Current:				
0011 Instruction	45,516,457	48,127,012	47,348,694	778,318
0012 Instructional Resources and Media Services	321,734	224,730	187,702	37,028
0013 Curriculum and Instructional Staff Development	2,453,963	3,128,489	2,961,454	167,035
0021 Instructional Leadership	120,788	130,788	124,415	6,373
0023 School Leadership	5,752,975	6,040,102	5,965,431	74,671
0031 Guidance, Counseling, and Evaluation Services	1,802,026	1,883,610	1,868,537	15,073
0032 Social Work Services	-	5,000	-	5,000
0033 Health Services	686,647	692,397	678,769	13,628
0034 Student (Pupil) Transportation	364,056	890,856	679,005	211,851
0036 Extracurricular Activities	3,048,293	3,243,128	3,192,248	50,880
0041 General Administration	4,268,458	4,529,744	4,113,376	416,368
0051 Facilities Maintenance and Operations	10,658,049	11,077,920	10,711,083	366,837
0052 Security and Monitoring Services	1,653,200	1,984,432	1,712,298	272,134
0053 Data Processing Services	137,280	137,280	27,214	110,066
0061 Community Services	50,500	44,100	35,273	8,827
Debt Service:				
0071 Principal on Long-Term Liabilities	1,427,052	1,794,346	1,530,915	263,431
0072 Interest on Long-Term Liabilities	209,648	267,353	267,353	-
0073 Bond Issuance Cost and Fees	1,500	1,500	1,500	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	315,000	-	315,000
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	900,279	897,178	897,178	-
0099 Other Intergovernmental Charges	480,000	542,000	541,840	160
6030 Total Expenditures	79,852,905	85,956,965	82,844,285	3,112,680
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,872,595)	(1,708,239)	(2,389,838)	(681,599)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	2,000	2,000
7915 Transfers In	-	301,596	301,596	-
7080 Total Other Financing Sources (Uses)	-	301,596	303,596	2,000
1200 Net Change in Fund Balances	(1,872,595)	(1,406,643)	(2,086,242)	(679,599)
0100 Fund Balance - July 1 (Beginning)	15,261,715	15,261,715	15,261,715	-
3000 Fund Balance - June 30 (Ending)	\$ 13,389,120	\$ 13,855,072	\$ 13,175,473	\$ (679,599)

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,500,000	\$ 1,500,000	\$ 608,640	\$ (891,360)
5800 State Program Revenues	275,500	275,500	105,754	(169,746)
5900 Federal Program Revenues	7,730,000	8,230,000	7,905,092	(324,908)
5020 Total Revenues	9,505,500	10,005,500	8,619,486	(1,386,014)
EXPENDITURES:				
Current:				
0035 Food Services	13,364,600	14,618,923	11,645,731	2,973,192
0051 Facilities Maintenance and Operations	500,000	248,850	119,271	129,579
Debt Service:				
0071 Principal on Long-Term Liabilities	-	95,713	95,553	160
0072 Interest on Long-Term Liabilities	-	4,287	4,287	-
6030 Total Expenditures	13,864,600	14,967,773	11,864,842	3,102,931
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,359,100)	(4,962,273)	(3,245,356)	1,716,917
OTHER FINANCING SOURCES (USES):				
7913 Right-to-Use Lease and SBITA Proceeds	-	-	159,580	159,580
1200 Net Change in Fund Balances	(4,359,100)	(4,962,273)	(3,085,776)	1,876,497
0100 Fund Balance - July 1 (Beginning)	5,027,687	5,027,687	5,027,687	-
3000 Fund Balance - June 30 (Ending)	\$ 668,587	\$ 65,414	\$ 1,941,911	\$ 1,876,497

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.047593052%	0.052114408%	0.048057151%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 29,071,823	\$ 35,797,569	\$ 28,530,295
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	36,282,504	42,208,514	38,442,975
Total	<u>\$ 65,354,327</u>	<u>\$ 78,006,083</u>	<u>\$ 66,973,270</u>
District's Covered Payroll	\$ 61,229,130	\$ 61,683,172	\$ 57,539,284
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	47.48%	58.03%	49.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2024 for year 2025, August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, and August 31, 2015 for year 2016.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.042176716%	0.043362728%	0.045942704%	0.043882251%	0.043607001%	0.042579704%	0.0451433%
\$ 10,740,917	\$ 23,224,192	\$ 23,882,454	\$ 24,153,856	\$ 13,943,170	\$ 16,090,237	\$ 15,957,556
17,524,618	37,218,405	32,678,873	35,726,107	21,455,491	24,641,300	24,042,933
\$ 28,265,535	\$ 60,442,597	\$ 56,561,327	\$ 59,879,963	\$ 35,398,661	\$ 40,731,537	\$ 40,000,489
\$ 53,028,070	\$ 52,764,746	\$ 47,700,440	\$ 45,511,968	\$ 44,631,358	\$ 41,757,954	\$ 41,337,593
20.26%	44.01%	50.07%	53.07%	31.24%	38.53%	38.60%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 2,732,417	\$ 2,839,234	\$ 2,774,354
Contribution in Relation to the Contractually Required Contribution	(2,732,417)	(2,839,234)	(2,774,354)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 60,994,662	\$ 61,715,971	\$ 61,450,985
Contributions as a Percentage of Covered Payroll	4.48%	4.60%	4.51%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

2022	2021	2020	2019	2018	2017	2016
\$ 2,242,397	\$ 1,794,309	\$ 1,877,521	\$ 1,646,864	\$ 1,501,629	\$ 1,435,637	\$ 1,353,476
(2,242,397)	(1,794,309)	(1,877,521)	(1,646,864)	(1,501,629)	(1,435,637)	(1,353,476)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 56,819,799	\$ 52,060,707	\$ 52,487,767	\$ 47,132,909	\$ 45,155,158	\$ 44,394,809	\$ 41,530,144
3.95%	3.45%	3.58%	3.49%	3.33%	3.23%	3.26%

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.066804704%	0.070983507%	0.067662045%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 20,276,251	\$ 15,714,545	\$ 16,201,004
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	25,405,868	18,962,014	19,762,679
Total	<u>\$ 45,682,119</u>	<u>\$ 34,676,559</u>	<u>\$ 35,963,683</u>
District's Covered Payroll	\$ 61,229,130	\$ 61,683,172	\$ 57,539,284
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	33.12%	25.48%	28.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2022 Plan Year 2021		FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.061668239%		0.063815449%		0.062106044%		0.060147532%		0.057887354%	
\$	23,788,195	\$	24,259,134	\$	29,370,707	\$	30,032,213	\$	25,173,039
31,870,880		32,598,461		39,027,103		36,330,124		33,091,458	
\$	55,659,075	\$	56,857,595	\$	68,397,810	\$	66,362,337	\$	58,264,497
\$	53,028,070	\$	52,764,746	\$	47,700,440	\$	45,511,968	\$	44,631,358
44.86%		45.98%		61.57%		65.99%		56.40%	
6.18%		4.99%		2.66%		1.57%		0.91%	

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 597,171	\$ 616,051	\$ 612,567
Contribution in Relation to the Contractually Required Contribution	(597,171)	(616,051)	(612,567)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 60,994,662	\$ 61,715,971	\$ 61,450,985
Contributions as a Percentage of Covered Payroll	0.98%	1.00%	1.00%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

2022	2021	2020	2019	2018	2017
\$ 545,383	\$ 469,143	\$ 486,354	\$ 441,526	\$ 392,108	\$ 298,575
(545,383)	(469,143)	(486,354)	(441,526)	(392,108)	(298,575)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 56,819,799	\$ 52,060,707	\$ (52,487,787)	\$ (47,132,909)	\$ 45,155,158	\$ 44,394,809
0.96%	0.90%	0.93%	0.94%	0.87%	0.67%

Notes to Required Supplementary Information

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

A. Notes to the General Fund Budgetary Schedule

The District originally budgeted for a total of \$79,852,905 in expenditures in the general fund. The final amended budget for general fund expenditures was \$85,956,965. Original budgeted total expenditures were increased by approximately \$6,104,060 to account for various additional grants received and added board approved expenditures during the year across multiple functions.

B. Notes to the Child Nutrition Budgetary Schedule

The District originally budgeted for a total of \$13,864,600 in expenditures in the child nutrition fund. The final amended budget for child nutrition expenditures was \$14,967,773. Original budgeted function 35 expenditures were increased by approximately \$1,254,323 to account for expenditures approved during the year for facility upgrades.

C. Notes to Schedules for TRS Pension

Changes of Benefit Terms – There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes Since the Prior Actuarial Valuation – The actuarial assumption and methods are the same as used in the determination of the prior year's net pension liability.

D. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit Terms – There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

- The single discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

Other Supplementary Information

Non-major Governmental Funds

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		211 Title I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	734,013	247,974	-	5,670
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 734,013</u>	<u>\$ 247,974</u>	<u>\$ -</u>	<u>\$ 5,670</u>
LIABILITIES					
2110	Accounts Payable	\$ 414,198	\$ 86,762	\$ -	\$ 5,670
2150	Payroll Deductions and Withholdings Payable	30,262	11,770	-	-
2160	Accrued Wages Payable	289,553	149,442	-	-
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>734,013</u>	<u>247,974</u>	<u>-</u>	<u>5,670</u>
FUND BALANCES					
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 734,013</u>	<u>\$ 247,974</u>	<u>\$ -</u>	<u>\$ 5,670</u>

255 Title II, A Supporting Instruction	263 Title III, A English Lang. Acquisition	265 Title IV, B 21st CCLC	279 ESSER III TCLAS	282 ESSER III	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary	386 Regional Day School for the Deaf
\$ -	\$ 208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
137,628	6,861	489,159	-	-	144,388	17,270	6,848
-	-	-	-	-	-	-	-
<u>\$ 137,628</u>	<u>\$ 7,069</u>	<u>\$ 489,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,388</u>	<u>\$ 17,270</u>	<u>\$ 6,848</u>
\$ 81,566	\$ 1,601	\$ 44,783	\$ -	\$ -	\$ 90,819	\$ 17,270	\$ 5,412
3,632	128	296	-	-	4,640	-	348
52,430	5,340	444,080	-	-	48,929	-	1,088
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>137,628</u>	<u>7,069</u>	<u>489,159</u>	<u>-</u>	<u>-</u>	<u>144,388</u>	<u>17,270</u>	<u>6,848</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 137,628</u>	<u>\$ 7,069</u>	<u>\$ 489,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,388</u>	<u>\$ 17,270</u>	<u>\$ 6,848</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

Data Control Codes		397 Advanced Placement Incentives	410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read
ASSETS					
1110	Cash and Cash Equivalents	\$ 291	\$ 108,430	\$ 1,085,285	\$ -
1240	Due from Other Governments	-	-	-	22,500
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 291</u>	<u>\$ 108,430</u>	<u>\$ 1,085,285</u>	<u>\$ 22,500</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 36,620	\$ 9,302	\$ 22,500
2150	Payroll Deductions and Withholdings Payable	-	2	230	-
2160	Accrued Wages Payable	-	-	9,291	-
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenue	291	71,808	1,066,462	-
2000	Total Liabilities	<u>291</u>	<u>108,430</u>	<u>1,085,285</u>	<u>22,500</u>
FUND BALANCES					
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 291</u>	<u>\$ 108,430</u>	<u>\$ 1,085,285</u>	<u>\$ 22,500</u>

428 Tiger Children's Clinic	429 School Safety Grant	435 SSA Regional Day School - Deaf	459 Autism Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 41,535	\$ -	\$ -	\$ 24	\$ 1,014,359	\$ 2,250,132
-	584,125	92,478	-	-	2,488,914
-	-	-	-	1,853	1,853
<u>\$ 41,535</u>	<u>\$ 584,125</u>	<u>\$ 92,478</u>	<u>\$ 24</u>	<u>\$ 1,016,212</u>	<u>\$ 4,740,899</u>
\$ -	\$ 543,246	\$ 92,478	\$ -	\$ 105,124	\$ 1,557,351
-	249	-	24	-	51,581
-	40,630	-	-	-	1,040,783
-	-	-	-	166,904	166,904
41,535	-	-	-	-	1,180,096
<u>41,535</u>	<u>584,125</u>	<u>92,478</u>	<u>24</u>	<u>272,028</u>	<u>3,996,715</u>
-	-	-	-	744,184	744,184
-	-	-	-	744,184	744,184
<u>\$ 41,535</u>	<u>\$ 584,125</u>	<u>\$ 92,478</u>	<u>\$ 24</u>	<u>\$ 1,016,212</u>	<u>\$ 4,740,899</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	211 Title I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	3,123,920	1,606,508	33,599	135,735
5020 Total Revenues	3,123,920	1,606,508	33,599	135,735
EXPENDITURES:				
Current:				
0011 Instruction	2,677,724	629,977	-	135,735
0012 Instructional Resources and Media Services	49,061	-	-	-
0013 Curriculum and Instructional Staff Development	96,475	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	178,067	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	921,471	33,599	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	162,286	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	21,000	51,827	-	-
0072 Interest on Long-Term Liabilities	-	3,233	-	-
6030 Total Expenditures	3,184,613	1,606,508	33,599	135,735
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,693)	-	-	-
OTHER FINANCING SOURCES (USES):				
7913 Right-to-Use Lease and SBITA Proceeds	60,693	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

255 Title II, A Supporting Instruction	263 Title III, A English Lang. Acquisition	265 Title IV, B 21st CCLC	279 ESSER III TCLAS	282 ESSER III	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary	386 Regional Day School for the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	228,783
-	-	-	-	-	-	-	23,015
419,377	94,161	1,716,436	22,937	825,201	523,971	17,270	-
419,377	94,161	1,716,436	22,937	825,201	523,971	17,270	251,798
419,377	94,161	1,093,924	22,937	750,255	293,966	17,270	250,195
-	-	-	-	-	-	-	-
-	-	7,215	-	24,604	-	-	1,603
-	-	615,297	-	-	69,259	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,655	111,336	-	-
-	-	-	-	-	5,990	-	-
-	-	-	-	1,220	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	43,420	-	-
-	-	-	-	227	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	44,749	-	-	-
-	-	-	-	1,491	-	-	-
419,377	94,161	1,716,436	22,937	825,201	523,971	17,270	251,798
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	397 Advanced Placement Incentives	410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 765,112	\$ -
5800 State Program Revenues	-	1,175,470	45,583	83,616
5900 Federal Program Revenues	-	-	276,310	-
5020 Total Revenues	-	1,175,470	1,087,005	83,616
EXPENDITURES:				
Current:				
0011 Instruction	-	1,175,470	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	1,087,005	83,616
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
6030 Total Expenditures	-	1,175,470	1,087,005	83,616
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7913 Right-to-Use Lease and SBITA Proceeds	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

428 Tiger Children's Clinic	429 School Safety Grant	435 SSA Regional Day School - Deaf	459 Autism Grant	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 7,349	\$ -	\$ -	\$ -	\$ 1,219,521	\$ 2,220,765
-	734,681	92,478	203,556	-	2,358,399
-	-	-	-	-	8,795,425
7,349	734,681	92,478	203,556	1,219,521	13,374,589
-	147,632	92,478	169,246	820,053	8,790,400
-	-	-	-	-	49,061
-	9,394	-	5,147	-	144,438
-	-	-	29,163	-	713,719
-	-	-	-	-	178,067
-	-	-	-	-	1,069,061
-	-	-	-	-	5,990
7,349	-	-	-	-	8,569
-	-	-	-	705,664	705,664
-	-	-	-	-	43,420
-	577,655	-	-	-	577,882
-	-	-	-	-	1,332,907
-	-	-	-	-	117,576
-	-	-	-	-	4,724
7,349	734,681	92,478	203,556	1,525,717	13,741,478
-	-	-	-	(306,196)	(366,889)
-	-	-	-	-	60,693
-	-	-	-	(306,196)	(306,196)
-	-	-	-	1,050,380	1,050,380
\$ -	\$ -	\$ -	\$ -	\$ 744,184	\$ 744,184

Non-major Enterprise Funds

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2025

	711 Food Service Activity	713 Print Shop Activity
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 98,328	\$ 368,709
Inventories	27,262	-
Total Current Assets	<u>125,590</u>	<u>368,709</u>
Noncurrent Assets:		
Capital Assets:		
Right-to-Use Lease Asset, Net	-	3,003
Total Noncurrent Assets	<u>-</u>	<u>3,003</u>
Total Assets	<u>125,590</u>	<u>371,712</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,403	2
Due to Other Governments	-	-
Total Current Liabilities	<u>3,403</u>	<u>2</u>
Noncurrent Liabilities:		
Right-to-Use Lease Liability - Long Term	-	3,003
Total Noncurrent Liabilities	<u>-</u>	<u>3,003</u>
Total Liabilities	<u>3,403</u>	<u>3,005</u>
NET POSITION		
Unrestricted Net Position	<u>122,187</u>	<u>368,707</u>
Total Net Position	<u>\$ 122,187</u>	<u>\$ 368,707</u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	Total Nonmajor Enterprise Funds
\$ 6,765	\$ -	\$ -	\$ -	\$ -	\$ 473,802
240	-	-	-	-	27,502
<u>7,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,304</u>
-	-	-	-	-	3,003
-	-	-	-	-	3,003
<u>7,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,307</u>
-	-	-	-	-	3,405
10	-	-	-	-	10
<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,415</u>
-	-	-	-	-	3,003
-	-	-	-	-	3,003
<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,418</u>
6,995	-	-	-	-	497,889
<u>\$ 6,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,889</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	711 Food Service Activity	713 Print Shop Activity
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 229,327	\$ 131,254
State Program Revenues	<u>12,123</u>	<u>855</u>
Total Operating Revenues	<u>241,450</u>	<u>132,109</u>
OPERATING EXPENSES:		
Payroll Costs	145,675	10,219
Professional and Contracted Services	4,050	61,460
Supplies and Materials	215,537	46,629
Other Operating Costs	222	-
Debt Service	<u>-</u>	<u>36,130</u>
Total Operating Expenses	<u>365,484</u>	<u>154,438</u>
Income (Loss) Before Transfers	(124,034)	(22,329)
Transfers Out	<u>-</u>	<u>-</u>
Change in Net Position	(124,034)	(22,329)
Total Net Position - July 1 (Beginning)	<u>246,221</u>	<u>391,036</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 122,187</u></u>	<u><u>\$ 368,707</u></u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	Total Nonmajor Enterprise Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,581
-	-	-	-	-	12,978
-	-	-	-	-	373,559
-	-	-	-	-	155,894
-	-	-	-	-	65,510
-	-	-	-	-	262,166
-	-	-	-	-	222
-	-	-	-	-	36,130
-	-	-	-	-	519,922
-	-	-	-	-	(146,363)
-	(570)	(464)	(287,508)	(13,054)	(301,596)
-	(570)	(464)	(287,508)	(13,054)	(447,959)
6,995	570	464	287,508	13,054	945,848
<u>\$ 6,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,889</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	711 Food Service Activity	713 Print Shop Activity
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 236,100	\$ 132,108
Cash Payments to Employees for Services	(145,675)	-
Cash Payments for Suppliers	(217,161)	(154,476)
Net Cash Used for Operating Activities	(126,736)	(22,368)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfers Out	-	-
Net Decrease in Cash and Cash Equivalents	(126,736)	(22,368)
Cash and Cash Equivalents at Beginning of Year	225,064	391,077
Cash and Cash Equivalents at End of Year	\$ 98,328	\$ 368,709
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided Used for Activities:</u>		
Operating Income (Loss):	\$ (124,034)	\$ (22,329)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Inventories	(5,350)	-
Increase (decrease) in Accounts Payable	2,648	(39)
Net Cash Used for Operating Activities	\$ (126,736)	\$ (22,368)

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	Total Nonmajor Enterprise Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,208
-	-	-	-	-	(145,675)
-	-	-	-	(116)	(371,753)
-	-	-	-	(116)	(149,220)
-	(570)	(464)	(287,508)	(13,054)	(301,596)
-	(570)	(464)	(287,508)	(13,170)	(450,816)
6,765	570	464	287,508	13,170	924,618
<u>\$ 6,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,802</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (146,363)
-	-	-	-	-	(5,350)
-	-	-	-	(116)	2,493
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (116)</u>	<u>\$ (149,220)</u>

Custodial Funds

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2025

	830 Dual Credit THS	874 Distinguished Alumni Fund	876 Texas High Club	879 Texas Middle School Club	Total Custodial Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 279,639	\$ 12,656	\$ 351,844	\$ 22,948	\$ 667,087
Total Current Assets	<u>279,639</u>	<u>12,656</u>	<u>351,844</u>	<u>22,948</u>	<u>667,087</u>
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment, Net	-	-	6,022	-	6,022
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>6,022</u>	<u>-</u>	<u>6,022</u>
Total Assets	<u>279,639</u>	<u>12,656</u>	<u>357,866</u>	<u>22,948</u>	<u>673,109</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	7,196	-	4,422	-	11,618
Total Liabilities	<u>7,196</u>	<u>-</u>	<u>4,422</u>	<u>-</u>	<u>11,618</u>
NET POSITION					
Restricted for Other Purposes	\$ 272,443	\$ 12,656	\$ 353,444	\$ 22,948	\$ 661,491
Total Net Position	<u>\$ 272,443</u>	<u>\$ 12,656</u>	<u>\$ 353,444</u>	<u>\$ 22,948</u>	<u>\$ 661,491</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	830 Dual Credit THS	874 Distinguished Alumni Fund	876 Texas High Club	879 Texas Middle School Club	Total Total Custodial Funds
ADDITIONS:					
Enterprising Services Revenue	\$ 297,655	\$ -	\$ 273,134	\$ 7,597	\$ 578,386
Contributions, Gifts and Donations	773	-	-	-	773
Total Additions	298,428	-	273,134	7,597	579,159
DEDUCTIONS:					
Payroll Costs	283,267	-	-	-	283,267
Professional and Contracted Services	10,845	-	2,571	-	13,416
Supplies and Materials	-	-	171,079	6,792	177,871
Other Deductions	-	-	116,745	-	116,745
Total Deductions	294,112	-	290,395	6,792	591,299
Change in Net Position	4,316	-	(17,261)	805	(12,140)
Net Position - July 1 (Beginning)	268,127	12,656	370,705	22,143	673,631
Net Position - June 30 (Ending)	\$ 272,443	\$ 12,656	\$ 353,444	\$ 22,948	\$ 661,491

Private Purpose Trust Funds

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2025

	802 Texas High School VIPS Fund	804 Texas Middle School VIPS Fund	805 Highland Park VIPS Fund	807 Theron Jones VIPS Fund
ASSETS				
Cash and Cash Equivalents	\$ 45,129	\$ 23,623	\$ 483	\$ 6,250
Due from Other Funds	-	-	-	-
Capital Assets:				
Furniture and Equipment, Net	-	-	-	-
Total Assets	<u>45,129</u>	<u>23,623</u>	<u>483</u>	<u>6,250</u>
LIABILITIES				
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for Other Purposes	<u>45,129</u>	<u>23,623</u>	<u>483</u>	<u>6,250</u>
Total Net Position	<u>\$ 45,129</u>	<u>\$ 23,623</u>	<u>\$ 483</u>	<u>\$ 6,250</u>

809 Nash VIPS Fund	811 Spring Lake Park VIPS Fund	813 Wake Village VIPS Fund	815 Dunbar VIPS Fund	816 Morris Elementary VIPS Fund	817 Waggoner Creek VIPS Fund	829 Scholarship Fund	Total Private Purpose Trust Funds
\$ 7,162	\$ 3,491	\$ 10,590	\$ 1,094	\$ 76,180	\$ 7,300	\$ 155,617	\$ 336,919
-	-	-	-	160,654	6,250	-	166,904
-	-	-	-	30,949	-	47,693	78,642
<u>7,162</u>	<u>3,491</u>	<u>10,590</u>	<u>1,094</u>	<u>267,783</u>	<u>13,550</u>	<u>203,310</u>	<u>582,465</u>
-	-	-	-	-	-	50,203	50,203
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,203</u>	<u>50,203</u>
7,162	3,491	10,590	1,094	267,783	13,550	153,107	532,262
<u>\$ 7,162</u>	<u>\$ 3,491</u>	<u>\$ 10,590</u>	<u>\$ 1,094</u>	<u>\$ 267,783</u>	<u>\$ 13,550</u>	<u>\$ 153,107</u>	<u>\$ 532,262</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	802 Texas High School VIPS Fund	804 Texas Middle School VIPS Fund	805 Highland Park VIPS Fund	807 Theron Jones VIPS Fund
ADDITIONS:				
Enterprising Services Revenue	\$ 4,783	\$ 8,972	\$ -	\$ -
Earnings from Temporary Deposits	-	-	-	-
Contributions, Gifts and Donations	-	-	-	-
Total Additions	<u>4,783</u>	<u>8,972</u>	<u>-</u>	<u>-</u>
DEDUCTIONS:				
Supplies and Materials	15,799	8,898	-	-
Other Deductions	-	-	-	-
Total Deductions	<u>15,799</u>	<u>8,898</u>	<u>-</u>	<u>-</u>
Change in Net Position	(11,016)	74	-	-
Net Position - July 1 (Beginning)	<u>56,145</u>	<u>23,549</u>	<u>483</u>	<u>6,250</u>
Net Position - June 30 (Ending)	<u>\$ 45,129</u>	<u>\$ 23,623</u>	<u>\$ 483</u>	<u>\$ 6,250</u>

809 Nash VIPS Fund	811 Spring Lake Park VIPS Fund	813 Wake Village VIPS Fund	815 Dunbar VIPS Fund	816 Morris Elementary VIPS Fund	817 Waggoner Creek VIPS Fund	829 Scholarship Fund	Total Private Purpose Trust Funds
\$ 11,717	\$ -	\$ 8,862	\$ -	\$ 129,909	\$ 5,544	\$ -	\$ 169,787
-	-	-	-	-	-	6,790	6,790
-	-	-	-	-	-	2,770	2,770
<u>11,717</u>	<u>-</u>	<u>8,862</u>	<u>-</u>	<u>129,909</u>	<u>5,544</u>	<u>9,560</u>	<u>179,347</u>
11,701	-	1,610	-	50,027	6,546	-	94,581
-	-	-	-	11,625	-	8,010	19,635
<u>11,701</u>	<u>-</u>	<u>1,610</u>	<u>-</u>	<u>61,652</u>	<u>6,546</u>	<u>8,010</u>	<u>114,216</u>
16	-	7,252	-	68,257	(1,002)	1,550	65,131
<u>7,146</u>	<u>3,491</u>	<u>3,338</u>	<u>1,094</u>	<u>199,526</u>	<u>14,552</u>	<u>151,557</u>	<u>467,131</u>
<u>\$ 7,162</u>	<u>\$ 3,491</u>	<u>\$ 10,590</u>	<u>\$ 1,094</u>	<u>\$ 267,783</u>	<u>\$ 13,550</u>	<u>\$ 153,107</u>	<u>\$ 532,262</u>

Required TEA Schedules

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	\$ 1.170000	\$ 0.255000	\$ 1,948,780,352
2017	1.170000	0.255000	1,904,476,997
2018	1.170000	0.255000	1,974,870,987
2019	1.170000	0.255000	2,006,493,789
2020	1.170000	0.255000	2,063,870,404
2021	1.068300	0.255000	2,272,157,652
2022	1.051700	0.255000	2,276,650,848
2023	0.942900	0.255000	2,674,488,506
2024	0.757500	0.453800	2,865,116,206
2025 (School year under audit)	0.755200	0.453800	3,095,602,278
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 254,448	\$	\$ 19,572	\$ 3,164	\$ (33,040)	\$ 198,672	
60,271		4,923	1,073	(1,296)	52,979	
72,312		10,054	2,191	(1,349)	58,718	
81,585		11,609	2,530	(1,725)	65,721	
92,047		14,382	3,433	(1,589)	72,643	
102,249		16,654	4,027	(1,397)	80,171	
139,766		33,792	8,193	(2,450)	95,331	
231,946		58,321	15,772	(13,085)	144,768	
1,126,258		539,987	323,493	(70,054)	192,724	
-	35,234,798	21,126,218	12,694,753	(237,005)	1,176,822	
<u>\$ 2,160,882</u>	<u>\$ 35,234,798</u>	<u>\$ 21,835,512</u>	<u>\$ 13,058,629</u>	<u>\$ (362,990)</u>	<u>\$ 2,138,549</u>	
						<u>\$ 43,067</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 13,239,874	\$ 13,739,874	\$ 13,615,177	\$ (124,697)
5800 State Program Revenues	1,058,899	1,058,899	1,203,180	144,281
5020 Total Revenues	14,298,773	14,798,773	14,818,357	19,584
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	2,348,433	6,348,433	6,220,000	128,433
0072 Interest on Long-Term Liabilities	8,986,525	8,986,525	8,986,525	-
0073 Bond Issuance Cost and Fees	346,928	346,928	346,928	-
6030 Total Expenditures	11,681,886	15,681,886	15,553,453	128,433
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,616,887	(883,113)	(735,096)	148,017
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	12,310,000	12,306,820	(3,180)
7916 Premium or Discount on Issuance of Bonds	-	1,745,000	1,744,275	(725)
8949 Other (Uses)	-	(13,700,000)	(13,651,344)	48,656
7080 Total Other Financing Sources (Uses)	-	355,000	399,751	44,751
1200 Net Change in Fund Balances	2,616,887	(528,113)	(335,345)	192,768
0100 Fund Balance - July 1 (Beginning)	9,009,927	9,009,927	9,009,927	-
3000 Fund Balance - June 30 (Ending)	\$ 11,626,814	\$ 8,481,814	\$ 8,674,582	\$ 192,768

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	8,679,669
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	5,279,080

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	556,332
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	350,287

Federal Awards Section



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Texarkana Independent School District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of School Trustees
Texarkana Independent School District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
December 15, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Texarkana Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *(OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of School Trustees
Texarkana Independent School District

Report on Internal Control over Compliance (*Continued*)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined on the previous page. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Thomas & Thomas, PLLC". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
December 15, 2025

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

Section I - Summary of Audit Results

Financial Statements

Type of Report the Auditor Issued on Whether the Financial Statements Were Prepared in Accordance with GAAP	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified	None Reported
Significant Deficienc(ies) Identified	None Reported
Noncompliance Material to the Financial Statements	None Reported

Federal Awards

Internal Control over Major Programs:	
Material Weakness(es) Identified	None Reported
Significant Deficienc(ies) Identified	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs	Unmodified
Findings Disclosed in the Audit which are Required to be Reported in <i>Government Auditing Standards</i>	None Reported
Findings Disclosed in the Audit which are Required to be Reported in Accordance with 2 CFR 200.516(a)	None Reported
Identification of Major Programs:	
Title I, Part A – Improving Basic Programs	AL #84.010A
Title IV, Part B – 21st Century Community Learning Centers	AL #84.287C
IDEA-B Cluster:	
Formula	AL #84.027A
Preschool	AL #84.173A
Title IV, Part A – Subpart 1	AL #84.424A/84.424F
Dollar Threshold Used to Distinguish between Type A and Type B Programs	\$750,000
Texarkana Independent School District qualified as a low-risk entity.	Yes

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

Section II - Financial Statement Findings

**Details of findings relating to the financial statements which are required to be reported in accordance with
Government Auditing Standards –**

There were no reported findings or questioned costs related to the financial statements or *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

Details of findings and questioned costs relating to Federal awards –

There were no reported findings or questioned costs related to the financial statements or federal awards.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101019907	\$ 2,770,208
2023-2025 TTL I, 1003 ESF-Focused Support Grant	84.010A	246101397110055	45,982
School Action Fund Continuation	84.010A	256101107110011	272,701
2024-2025 School Action Fund	84.010A	24610113019907	184,999
Total Assistance Listing Number 84.010			3,273,890
*IDEA - Part B, Formula	84.027A	256600010199076600	1,606,508
SSA - IDEA - Part B, Discretionary	84.027A	25660010199076673	17,270
Total Assistance Listing Number 84.027			1,623,778
*IDEA - Part B, Preschool	84.173A	256610010199076610	33,599
Total Special Education Cluster (IDEA)			1,657,377
Career and Technical - Basic Grant	84.048A	25420006019907	138,533
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	256950307110041	1,699,269
2024-2025 Stronger OST	84.287C	246950367110039	17,985
Total Assistance Listing Number 84.287			1,717,254
Title III, Part A - English Language Acquisition	84.365A	25671001019907	86,735
Title III, Part A - Immigrant	84.365A	25671003019907	7,426
Total Assistance Listing Number 84.365			94,161
Title II, Part A - Supporting Effective Instruction	84.367A	25694501019907	439,385
LEP Summer School	84.369A	69552402	5,454
Title IV, Part A, Subpart 1	84.424A	25680101019907	192,239
2024-2025 Stronger Connections Grant	84.424F	236811017110060	350,472
Total Assistance Listing Number 84.424			542,711
COVID 19 - ESSER III - School Emergency Relief	84.425U	21528001019907	882,379
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042019907	26,005
Total Assistance Listing Number 84.425			908,384
Total Passed Through Texas Education Agency			8,777,149
TOTAL U.S. DEPARTMENT OF EDUCATION			8,777,149
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900035	20,263
Total Medicaid Cluster			20,263
Child Care and Development Fund	93.596	019907	276,310
Total Passed Through Texas Health and Human Services Commission			296,573
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			296,573

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553		2,063,589
*National School Lunch Program - Cash Assistance	10.555		5,550,978
*National School Lunch Program - Non-Cash Assistance	10.555		<u>453,452</u>
Total Assistance Listing Number 10.555			<u>6,004,430</u>
Total Child Nutrition Cluster			<u>8,068,019</u>
Local Food for Schools (LFS) Grant	10.185		85,000
Child & Adult Care Food Program - Cash Assistance	10.558		516,018
State Administrative Expenses for Child Nutrition	10.560		<u>21,371</u>
Total Passed Through the Texas Department of Agriculture			<u>8,690,408</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,690,408</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 17,764,130</u></u>
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Texarkana Independent School District (the District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the general purpose financial statements.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly when such funds are received, they are recorded as deferred revenues until earned.

The District participates in numerous state and federal grant programs governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingency.

Medicaid Funds

During the year ending June 30, 2025, the District received Medicaid funds of \$575,410 which is not considered a federal award since it is direct cash assistance to individuals.

E-Rate Funding

During the year ending June 30, 2025, the District received a discount on phone and internet bills in the amount of \$401,079 in the capital projects fund. These amounts are reflected as federal revenue in the current year.

Indirect Costs

Indirect costs totaling \$1,043,350 are in the General Fund. The restricted indirect cost rate for the 2024-2025 fiscal year, as approved by The Division of Federal and Fiscal Compliance and Reporting at the Texas Education Agency (TEA), was 4.771%. All Federal indirect costs are calculated using this restricted indirect rate with the exception of the indirect cost associated with the ESSER III grant, which is calculated using the direct unrestricted rate of 13.378%

Reconciliation of Federal Funds

Federal Funds Per K-1	\$ 17,764,130
Medicaid SHARS	575,410
E-Rate Funding	401,079
	<u>\$ 18,740,619</u>

SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

Texarkana Independent School District

Fiscal Year 2025

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	Yes
SF4	Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds and/or substantial doubt about the district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	5,692,333